

EDEN DISTRICT MUNICIPALITY



[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2013

EDEN DISTRICT MUNICIPALITY

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EDEN DISTRICT MUNICIPALITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 June 2013

GENERAL INFORMATION

NATURE OF BUSINESS

Eden District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category C Municipality (District Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Eden District Municipality includes the following municipalities:

*George Municipality
Oudtshoorn Municipality
Bitou Municipality
Kannaland Municipality
Hessequa Municipality
Knysna Municipality
Mossel Bay Municipality*

MUNICIPAL MANAGER

Mr. G.W Louw

CHIEF FINANCIAL OFFICER

Miss. L. Hoek

REGISTERED OFFICE

54 York Street, George, 6530

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

Standard Bank, George

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

EDEN DISTRICT MUNICIPALITY

MEMBERS OF THE EDEN DISTRICT MUNICIPALITY

COUNCILLORS

Proportional		<i>Ms. NA Bityi</i>
Proportional		<i>Mr. CN Ngalo</i>
Proportional		<i>Mr. V Waxa</i>
Proportional		<i>Ms. NM Tanda</i>
Proportional		<i>Ms. D Xego</i>
Proportional		<i>Ms. M Fielies</i>
Proportional		<i>Mr. HJ McCombi</i>
Proportional		<i>Mr. JJA Koeglenberg</i>
Proportional		<i>Mr. HJ Floors</i>
Proportional		<i>Mr. T Simmers</i>
Proportional		<i>Ms. SF May</i>
Proportional		<i>Ms. NP Ngemntu</i>
Proportional		<i>Ms. CM Skietekat</i>
Proportional		<i>Mr. JG Janse van Rensburg</i>
Proportional		<i>Mr. PDD Linden</i>
Representative:	George Municipality	<i>J du Toit</i>
Representative:	George Municipality	<i>T Teyisi</i>
Representative:	George Municipality	<i>PJ van de Hoven</i>
Representative:	George Municipality	<i>LBC Esau</i>
Representative:	George Municipality	<i>GC Niehaus</i>
Representative:	George Municipality	<i>LN Qupe</i>
Representative:	Mossel Bay Municipality	<i>JJ Gerber</i>
Representative:	Mossel Bay Municipality	<i>NC Booisen</i>
Representative:	Mossel Bay Municipality	<i>D van Rensburg</i>
Representative:	Mossel Bay Municipality	<i>SS Mbandezi</i>
Representative:	Oudtshoorn Municipality	<i>J Harmse</i>
Representative:	Oudtshoorn Municipality	<i>J Maxim</i>
Representative:	Oudtshoorn Municipality	<i>VI van der Westhuizen</i>
Representative:	Knysna Municipality	<i>S F de Vries</i>
Representative:	Knysna Municipality	<i>T Nayler</i>
Representative:	Hessequa Municipality	<i>R Johannes</i>
Representative:	Hessequa Municipality	<i>D Abrahams</i>
Representative:	Bitou Municipality	<i>MM Mbali</i>
Representative:	Bitou Municipality	<i>N Ndayi</i>
Representative:	Kannaland Municipality	<i>WP Meshoa</i>

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements year ended 30 June 2013, which are set out on pages 1 to 99 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. The annual financial statements have been prepared in accordance with GRAP.

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2013 and is satisfied that the Municipality can continue in operational existence for the foreseeable future. In view of the insufficient equitable share allocation, which will not sustain the operations of the municipality, a Turn Around Strategy was adopted by Council on 30 May 2013, and will be implemented during 2013/2014 financial year.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

Mr. G.W Louw
Municipal Manager

Date

EDEN DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

NET ASSETS AND LIABILITIES		2013 R (Actual)	2012 R (Restated)
	Note		
Net assets		471 889 336	457 222 623
Housing Development Fund	2	56 426	56 426
Capital replacement reserve		7 390 546	7 390 546
Accumulated Surplus/(Deficit)		464 442 364	449 775 651
Non-current liabilities		105 298 111	97 589 958
Long-term liabilities	3	1 743 662	2 512 940
Employee Benefits	4	100 567 435	92 196 213
Non-current provisions	5	2 987 014	2 880 805
Current liabilities		73 660 576	60 904 417
Current Employee Benefits	6	17 158 630	15 923 298
Provisions	7	2 498 888	2 368 639
Payables from Exchange Transactions	8	45 332 193	34 192 174
Unspent conditional grants and receipts	9	8 048 537	7 883 178
Current portion of long-term liabilities	3	622 328	537 128
Total Net Assets and Liabilities		650 848 023	615 716 998
ASSETS			
Non-current assets		554 947 327	561 937 614
Property, plant & equipment	11	160 492 869	167 224 192
Investment Property	12	349 609 111	347 129 030
Intangible Assets	13	2 520 672	2 805 835
Non-Current Investments	15	40 774	40 774
Long-term receivables	16	42 283 901	44 737 782
Current assets		95 900 696	53 779 384
Inventory	17	3 778 281	3 311 513
Trade receivables from exchange transactions	18	3 388 492	1 314 981
Other receivables - Non exchange transactions	19	3 171 057	1 972 115
Vat receivable	10	2 058 142	1 754 629
Unpaid conditional grants and receipts	9	2 057 455	-
Current portion of long-term debtors	16	2 509 080	2 653 527
Cash and Cash Equivalents	20	78 938 189	42 772 618
Total Assets		650 848 023	615 716 998

EDEN DISTRICT MUNICIPALITY
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 (Actual) R	2012 (Restated) R	Correction of error R	2012 (Previously reported) R
REVENUE		Total			Total
Revenue from Non-Exchange Transactions		255 159 456	249 323 918	-	249 323 919
Taxation Revenue		-	126	-	126
Property rates - penalties imposed and collection charges		-	-	-	-
Regional Services Levies		-	126	-	126
Public contributions, donated and contributed property, plant and equipment		-	-	-	-
Transfer Revenue		255 153 562	249 305 881	-	249 305 881
Regional Services Levies Equitable Share		125 699 000	122 912 000	-	122 912 000
Government grants and subsidies	21	129 454 562	126 393 881	-	126 393 881
Other Revenue		5 894	17 911	-	17 911
Fines		-	-	-	-
Insurance Proceeds		-	-	-	-
Fair Value Adjustment - Investments		-	-	-	-
Unamortised Discount		5 894	17 911	-	17 911
Assets Identified for the First Time		-	-	-	-
Revenue from Exchange Transactions		34 986 052	22 688 944	(2 661 243)	25 350 187
Rental of facilities and equipment		1 774 762	1 265 673	-	1 265 673
Interest earned - external investments		3 432 586	2 089 886	-	2 089 886
Interest earned - outstanding debtors		-	5	-	5
Licenses and permits		208 295	205 200	-	205 200
Third Party Payments		-	-	-	-
Actuarial Gain from Ex-Gratia Pensions		159 276	2 944 250	-	2 944 250
Income for agency services		14 111 207	7 234 405	(2 980 595)	10 215 000
Other income	22	14 057 408	8 437 662	319 352	8 118 310
TASK Contributions Municipalities		-	-	-	-
Contributed PPE		294 102	-	-	-
Gains on disposal of property, plant and equipment		133 542	-	-	-
Contribution Shop Steward		814 874	511 863	-	511 863
Total Revenue		290 145 508	272 012 862	(2 661 243)	274 674 106
EXPENDITURE					
Employee related costs	23	91 463 258	92 924 441	954 971	91 969 470
Remuneration of Councillors	24	6 747 342	6 326 927	-	6 326 927
Impairment of Trade Receivables		2 042 881	380 212	-	380 212
Collection costs		-	-	-	-
Actuarial Loss		8 111 513	562 626	-	562 626
Impairment Losses		-	2 166 809	(70 710)	2 237 519
Increase in Provision for Rehabilitation of Landfill Sites		-	-	-	-
Increase in Provision for Alien Vegetation		236 458	550 467	-	550 467
Depreciation		4 656 641	7 057 247	575 662	6 481 585
Amortisation		486 950	1 090 207	41 569	1 048 638
Repairs and maintenance		3 119 135	2 167 853	-	2 167 853
Finance Charges	25	285 709	401 852	-	401 852
Contracted services		6 363 035	5 692 604	-	5 692 604
Grants and subsidies utilised	26	11 523 713	5 420 789	-	5 420 789
Roads - Grants and subsidies utilised	27	117 060 607	120 761 442	-	120 761 442
Stock Losses	17	5 687	268 288	-	268 288
Unamortised Discount - Interest		98 040	112 654	-	112 654
Loss on disposal of property, plant and equipment		391 063	156 413	(44 367)	200 780
General Expenses	28	22 886 763	28 962 122	447 587	28 514 535
Total Expenditure		275 478 795	275 002 953	1 904 712	273 098 241
SURPLUS/(DEFICIT) FOR THE YEAR FROM CONTINUING OPERATIONS		14 666 713	(2 990 091)	(4 565 955)	1 575 865
Surplus/ (Deficit) from Discontinued Operations		-	-	-	-
SURPLUS/(DEFICIT) FOR THE YEAR		14 666 713	(2 990 091)	(4 565 955)	1 575 865
Loss on transfer of District Management Area		-	(99 477 038)	306 138	(99 783 176)
NET (DEFICIT) FOR THE YEAR		14 666 713	(102 467 129)	(4 259 817)	(98 207 312)

Refer to Note 34 for explanation of variances

**EDEN DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED 30 JUNE 2013**

	<u>Capital Replacement Reserve</u>	<u>Housing Development Fund</u>	<u>Accumulated Surplus/(Deficit)</u>	<u>Total</u>
	R	R	R	R
2012				
Balance at 1 July 2011	15 379 122	56 426	545 894 275	561 329 823
Correction of error (Note 29)	-	-	(1 640 071)	-1 640 071
Changes in accounting policy	-	-	-	-
Restated Balance	15 379 122	56 426	544 254 204	559 689 752
Surplus/(deficit) for the year			(102 467 129)	-102 467 129
Corrections	-	-	-	-
Purchase of Property, Plant and Equipment	-	-	-	-
Transfer to Surplus	(7 988 576)	-	7 988 576	-
Balance at 30 June 2012	7 390 546	56 426	449 775 651	457 222 623
2013				
Correction of error (Note 29)	-	-	-	-
Restated Balance	7 390 546	56 426	449 775 651	457 222 623
Surplus/(deficit) for the year			14 666 713	14 666 713
Purchase of Property, Plant and Equipment	-	-	-	-
Transfer to Surplus	-	-	-	-
Transfer to Housing Development Fund	-	-	-	-
Interest received	-	-	-	-
Balance at 30 June 2013	7 390 546	56 426	464 442 364	471 889 336

EDEN DISTRICT MUNICIPALITY
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 R	2012 R
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Ratepayers and other		37 961 375	41 034 162
Government - operating		255 143 043	249 305 881
Government - capital		-	-
Interest		3 432 586	2 089 891
Dividends		-	-
Payments			
Suppliers and employees		(261 337 222)	(263 920 785)
Finance charges		(285 709)	(401 852)
Transfers and Grants		-	-
Cash generated/(absorbed) by operations	30	34 914 073	28 107 297
NET CASH FROM OPERATING ACTIVITIES		34 914 073	28 107 297
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		(581 293)	(635 611)
Proceeds on disposal of property, plant and equipment		169 731	0
Additions to Investment Properties		-	-
Increase in intangible assets		(159 045)	(33 513)
Decrease / (Increase) in non-current receivables		2 604 222	(9 964 727)
Decrease / (Increase) in non-current investments		-	200
Decrease / (Increase) in Discontinued Operations		-	-
Decrease in call investment deposits		-	-
NET CASH FROM INVESTING ACTIVITIES		2 033 616	(10 633 652)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(Decrease) in consumer deposits		-	-
Increase/(Decrease) in Long term liabilities		(782 118)	(1 823 928)
Increase/(Decrease) in Liabilities associated with Discontinued Operations		-	(22 409)
Increase in funds and reserves		-	-
NET CASH FROM FINANCING ACTIVITIES		(782 118)	(1 846 337)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		36 165 571	15 627 307
Cash and cash equivalents at the beginning of the year		42 772 618	27 145 311
Cash and cash equivalent at the end of the year	31	78 938 189	42 772 618

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1. ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1.1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – March 2012) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

The Municipality resolved to early adopt the following GRAP standards which have been issued but are not effective yet.

Standard	Description	Effective Date
GRAP 1 (Revised – Mar 2012)	Presentation of Financial Statements	1 April 2013
GRAP 3 (Revised – Mar 2012)	Accounting Policies, Changes in Accounting Estimates and Errors	1 April 2013
GRAP 9 (Revised – Mar 2012)	Revenue from Exchange Transactions	1 April 2013
GRAP 12 (Revised – Mar 2012)	Inventories	1 April 2013
GRAP 13 (Revised – Mar 2012)	Leases	1 April 2013
GRAP 16 (Revised – Mar 2012)	Investment Property	1 April 2013
GRAP 17 (Revised – Mar 2012)	Property, Plant and Equipment	1 April 2013
GRAP 25 (Original – Nov 2009)	Employee Benefits	1 April 2013
GRAP 27 (Revised – Mar 2012)	Agriculture	1 April 2013
GRAP 31 (Revised – Mar 2012)	Intangible Assets	1 April 2013
IGRAP 16 (Issued – Mar 2012)	Intangible Assets – Website Costs	1 April 2013

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

1.2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. Financial values are rounded to the nearest one Rand.

1.3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

1.4. COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where material accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

1.5. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the annual financial statements. The principal amendments to matters disclosed in the current financial statements include errors.

1.6. MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the annual financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

1.7. PRESENTATION OF BUDGET INFORMATION

The presentation of budget information is prepared in accordance with GRAP 24 and guidelines issued by National Treasury. The comparison of budget and actual amounts are disclosed as three separate additional financial statements, namely the Statement of comparison of budget and actual amounts for the Statement of Financial Position, Statement of Financial Performance and Cash Flow Statement.

Budget information is presented on the accrual basis and is based on the same period as the actual amounts, i.e. 1 July 2012 to 30 June 2013. The budget information is therefore on a comparable basis to the actual amounts.

The comparable information includes the following:

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

- the approved and final budget amounts;
- actual amounts and final budget amounts;

Explanations for differences between the approved and final budget are included in the Statement of Comparison of Budget and Actual Amounts.

Explanations for material differences between the final budget amounts and actual amounts are included the Statement of Comparison of Budget and Actual Amounts.

The disclosure of comparative information in respect of the previous period is not required in terms of GRAP 24. No amendments or disclosure requirements in terms of GRAP 3 (Revised – March 2012) has been made.

1.8. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the :

Standard	Description	Effective Date
GRAP 6 (Revised – Nov 2010)	Consolidated and Separate Financial Statements The objective of this Standard is to prescribe the circumstances in which consolidated and separate financial statements are to be prepared and the information to be included in those financial statements so that the consolidated financial statements reflect the financial performance, financial position and cash flows of a Municipality as a single entity.	Unknown
GRAP 7 (Revised – Mar 2012)	Investments in Associate This Standard prescribes the accounting treatment for investments in associates where the investment in the associate leads to the holding of an ownership interest in the form of a shareholding or other form of interest in the net assets. No significant impact is expected as the Municipality will not participate in such business transactions.	1 April 2013
GRAP 8 (Revised – Nov 2010)	Interest in Joint Ventures The objective of this Standard is to prescribe the accounting treatment of jointly controlled operations, jointly controlled assets and jointly controlled entities and to provide alternatives for the recognition of interests in jointly controlled entities.	Unknown

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	No significant impact is expected as the Municipality is not involved in any joint ventures.	
GRAP 18 (Original – Feb 2011)	Segment Reporting The objective of this Standard is to establish principles for reporting financial information by segments.	Unknown
GRAP 20 (Original – June 2011)	Related Party Disclosure The objective of this Standard is to ensure that a Municipality's financial statements contains the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties. The Municipality resolved to adopt the disclosure requirements as per GRAP 20. The information is therefore included in the financial statements.	Unknown
GRAP 105 (Original – Nov 2010)	Transfer of Functions Between Entities Under Common Control The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.	Unknown
GRAP 106 (Original – Nov 2010)	Transfer of Functions Between Entities Not Under Common Control The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.	Unknown

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

GRAP 107 (Original – Nov 2010)	Mergers The objective of this Standard is to establish accounting principles for the combined entity and combining entities in a merger. No significant impact is expected as the Municipality does not participate in such business transactions and no such transactions or events are expected in the foreseeable future.	Unknown
IGRAP 11	Consolidation - Special Purpose Entities (SPE) The objective of this Interpretation of the Standard is to prescribe under what circumstances an entity should consolidate a SPE. No significant impact is expected as the Municipality does not have any SPE's at this stage.	Unknown
IGRAP 12	Jointly Controlled Entities non-monetary contributions The objective of this Interpretation of the Standard is to prescribe the treatment of profit/loss when an asset is sold or contributed by the venturer to a Jointly Controlled Entity (JCE). No significant impact is expected as the Municipality does not have any JCE's at this stage.	Unknown

These standards, amendments and interpretations will not have a significant impact on the Municipality once implemented.

1.9. RESERVES

1.9.1. Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus is credited by a corresponding amount when the amounts in the CRR are utilized.

1.9.2. Housing Development Fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from National and Provincial Government, used to finance housing

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

selling schemes undertaken by the Municipality, were extinguished on 1 April 1998 and transferred to the Housing Development Fund. Housing selling schemes, both completed and in progress, as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sale of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.10. LEASES

1.10.1. Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the Municipality. Property, plant and equipment or intangible assets (excluding licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights) subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the Municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment, investment property or intangibles assets. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to de-recognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are recognised on a straight-line basis over the term of the relevant lease. The difference between the straight-lined expenses and actual payments made will give rise to a liability. The Municipality recognises the aggregate benefit of incentives as a reduction of rental expense over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

1.10.2. Municipality as Lessor

Under a finance lease, the Municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to de-recognition and impairment of financial instruments are applied to lease receivables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease revenue is recognised on a straight-line basis over the term of the

EDEN DISTRICT MUNICIPALITY

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

relevant lease. The difference between the straight-lined revenue and actual payments received will give rise to an asset. The Municipality recognises the aggregate cost of incentives as a reduction of rental revenue over the lease term, on a straight-line basis unless another systematic basis is representative of the time pattern over which the benefit of the leased asset is diminished.

1.11. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Conditional government grants are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent conditional grants are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from government organs. Unspent conditional grant are not considered to be financial instruments as there are no contractual arrangements as required per GRAP 104. Once the conditional grant becomes repayable to the donor due to conditions not met, the remaining portion of the unspent conditional grant is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent conditional grants are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with grant conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.12. UNPAID CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS

Unpaid conditional grants are assets in terms of the Framework that are separately reflected on the Statement of Financial Position. The asset is recognised when the Municipality has an enforceable right to receive the grant or if it is virtually certain that it will be received based on that grant conditions have been met. They represent unpaid government grants, subsidies and contributions from the public.

The following provisions are set for the creation and utilisation of grant receivables:

- Unpaid conditional grants are recognised as an asset when the grant is receivable.

1.13. UNSPENT PUBLIC CONTRIBUTIONS

Public contributions are subject to specific conditions. If these specific conditions are not met, the monies received are repayable.

Unspent public contributions are liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public. Unspent public contributions are not considered to be financial instruments as there are no contractual arrangements as required per GRAP

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104. Once the public contribution becomes repayable to the donor due to conditions not met, the remaining portion of the unspent public contribution is reclassified as payables, which is considered to be a financial instrument.

This liability always has to be cash-backed. The following provisions are set for the creation and utilisation of this creditor:

- Unspent public contributions are recognised as a liability when the grant is received.
- When grant conditions are met an amount equal to the conditions met are transferred to revenue in the Statement of Financial Performance.
- The cash which backs up the creditor is invested as individual investment or part of the general investments of the Municipality until it is utilised.
- Interest earned on the investment is treated in accordance with the public contribution conditions. If it is payable to the funder it is recorded as part of the creditor. If it is the Municipality's interest, it is recognised as interest earned in the Statement of Financial Performance.

1.14. PROVISIONS

Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where an inflow of economic benefits or service potential is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.

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- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the reporting date.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is de-recognised.

1.15. EMPLOYEE BENEFITS

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

1.15.1. Post-Retirement Medical Obligations

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined in accordance with GRAP 25 – “Employee Benefits” (using a discount rate applicable to high quality government bonds). The plan is unfunded.

These contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability was calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

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1.15.2. Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. .

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

1.15.3. Ex gratia Gratuities

Ex gratia gratuities are provided to employees that were not previously members of a pension fund. The Municipality's obligation under these plans is valued by independent qualified actuaries and the corresponding liability is raised. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued periodically, unless circumstances change significantly in which case it is done annually, by independent qualified actuaries.

1.15.4. Provision for Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year-end and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term.

Accumulated leave is vesting.

1.15.5. Staff Bonuses Accrued

Liabilities for staff bonuses are recognised as they accrue to employees. The liability at year end is based on bonus accrued at year-end for each employee.

1.15.6. Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees.

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1.15.7. Pension and retirement fund obligations

The Municipality provides retirement benefits for its employees and councillors.

Defined contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable.

The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. The contributions and lump sum payments are recognised in the Statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi-employer plan. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

1.15.8. Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.16. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so.

It is inappropriate to capitalise borrowing costs when there is clear evidence that it is difficult to link the borrowing requirement of the Municipality directly to the nature of the expenditure to be funded. In such cases, the Municipality expenses those borrowing costs related to a qualifying asset directly to the Statement of Financial Performance.

The amount of borrowing costs that the Municipality capitalises during a period does not exceed the amount of borrowing costs it incurred during that period. The Municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

1.17. PROPERTY, PLANT AND EQUIPMENT

1.17.1. Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. The cost of an item of property, plant and equipment is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the Municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.17.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

1.17.3. Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be

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capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	Years		Years
<u>Infrastructure</u>		<u>Other</u>	
Roads and Paving	7 - 32	Buildings	5 - 32
		Other vehicles	2 - 34
<u>Community</u>		Office equipment	3 - 32
Buildings	7 - 32	Furniture and fittings	1 - 33
Recreational Facilities	32	Bins and containers	8 - 32
Parks and gardens	22	Specialised plant and Equipment	2 - 32
		Fire Engines	3 - 34
		Emergency equipment	6 - 22
		Computer equipment	1 - 32

Property, plant and equipment are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.17.4. De-recognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.17.5. Land and buildings and Other Assets – application of deemed cost (Directive 7)

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. For Land and Buildings the fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010. For Other Assets the depreciated replacement cost method was used to establish the deemed cost as on 1 July 2010.

1.18. INTANGIBLE ASSETS

1.18.1. Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

An asset meets the identifiability criterion in the definition of an intangible asset when it:

- is separable, i.e. is capable of being separated or divided from the Municipality and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable asset or liability, regardless of whether the Municipality intends to do so; or
- arises from binding arrangements from contracts, regardless of whether those rights are transferable or separable from the Municipality or from other rights and obligations.

The Municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the Municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;
- the Municipality has the resources to complete the project;
- it is probable that the municipality will receive future economic benefits or service potential; and
- the Municipality can measure reliably the expenditure attributable to the intangible asset during its development.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.18.2. Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

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1.18.3. Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over its estimated useful lives using the straight line method. Amortisation of an asset begins when it is available for use, i.e. when it is in the condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are amortised separately. The estimated useful lives, residual values and amortisation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis. The annual amortisation rates are based on the following estimated useful lives:

<u>Intangible Assets</u>	<u>Years</u>
Computer Software	2 - 18

1.18.4. De-recognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19. INVESTMENT PROPERTY

1.19.1. Initial Recognition

Investment property is recognised as an asset when, and only when:

- it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and
- the cost or fair value of the investment property can be measured reliably.

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

At initial recognition, the Municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition. The cost of self-constructed investment property is measured at cost.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

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1.19.2. Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.19.3. Depreciation and Impairment – Cost Model

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

<u>Investment Property</u>	<u>Years</u>
Buildings	29 - 32

1.19.4. De-recognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.19.5. Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010

1.20. HERITAGE ASSETS

1.20.1. Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

A heritage asset that qualifies for recognition as an asset, is measured at its cost. Where a heritage asset is acquired through a non-exchange transaction, its cost is deemed to be its fair value as at the date of acquisition.

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1.20.2. Subsequent Measurement – Cost Model

After recognition as an asset, heritage assets are carried at its cost less any accumulated impairment losses.

1.20.3. Depreciation and Impairment

Heritage assets are not depreciated

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.20.4. De-recognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset. The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

1.20.5. Application of deemed cost - Directive 7

The Municipality opted to take advantage of the transitional provisions as contained in Directive 7 of the Accounting Standards Board, issued in December 2009. The Municipality applied deemed cost where the acquisition cost of an asset could not be determined. The fair value as determined by a valuator was used in order to determine the deemed cost as on 1 July 2010.

1.21. NON-CURRENT ASSETS HELD FOR SALE

1.21.1. Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.21.2. Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

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Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in the Statement of Financial Performance.

1.22. IMPAIRMENT OF NON-FINANCIAL ASSETS

1.22.1. Cash-generating assets

Cash-generating assets are assets held with the primary objective of generating a commercial return.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- During the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Municipality operates or in the market to which an asset is dedicated.
- Market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.

(b) Internal sources of information

- Evidence is available of obsolescence or physical damage of an asset.
- Significant changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.
- Evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.

The re-designation of assets from a cash-generating asset to a non-cash generating asset or from a non-cash-generating asset to a cash-generating asset shall only occur when there is clear evidence that such a re-designation is appropriate. A re-designation, by itself, does not necessarily trigger an impairment test or a reversal of an impairment loss. Instead, the indication for an impairment test or a reversal of an impairment loss arises from, as a minimum, the indications listed above.

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An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. Impairment losses are recognised in the Statement of Financial Performance in those expense categories consistent with the function of the impaired asset.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Municipality estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Financial Performance.

1.22.2. Non-cash-generating assets

Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Municipality estimates the asset's recoverable service amount.

In assessing whether there is any indication that an asset may be impaired, the Municipality considers the following indications:

(a) External sources of information

- Cessation, or near cessation, of the demand or need for services provided by the asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the Municipality operates.

(b) Internal sources of information

- Evidence is available of physical damage of an asset.
- Significant long-term changes with an adverse effect on the Municipality have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to

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be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, or plans to dispose of an asset before the previously expected date.

- A decision to halt the construction of the asset before it is complete or in a usable condition.
- Evidence is available from internal reporting that indicates that the service performance of an asset is, or will be, significantly worse than expected.

An asset's recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use. If the recoverable service amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. That reduction is an impairment loss is recognised in the Statement of Financial Performance.

The value in use of a non-cash-generating asset is the present value of the asset's remaining service potential. The present value of the remaining service potential of the asset is determined using any one of the following approaches, depending on the nature of the asset in question:

- *depreciation replacement cost approach* - the present value of the remaining service potential of an asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.
- *restoration cost approach* - the cost of restoring the service potential of an asset to its pre-impaired level. Under this approach, the present value of the remaining service potential of the asset is determined by subtracting the estimated restoration cost of the asset from the current cost of replacing the remaining service potential of the asset before impairment. The latter cost is usually determined as the depreciated reproduction or replacement cost of the asset, whichever is lower.
- *service unit approach* - the present value of the remaining service potential of the asset is determined by reducing the current cost of the remaining service potential of the asset before impairment, to conform with the reduced number of service units expected from the asset in its impaired state. As in the restoration cost approach, the current cost of replacing the remaining service potential of the asset before impairment is usually determined as the depreciated reproduction or replacement cost of the asset before impairment, whichever is lower.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

An impairment loss is recognised immediately in surplus or deficit, unless the asset is carried at a revalued amount in accordance with another Standard of GRAP. Any impairment loss of a revalued asset shall be treated as a revaluation decrease in accordance with that Standard of GRAP.

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The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for an asset may no longer exist or may have decreased. If any such indication exists, the Municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. If this is the case, the carrying amount of the asset is increased to its recoverable service amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods. Such a reversal of an impairment loss is recognised in the Statement of Financial Performance.

1.23. INVENTORIES

1.23.1. Initial Recognition

Inventories comprise of current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Water inventory is being measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Where inventory is acquired by the Municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.23.2. Subsequent Measurement

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

The basis of allocating cost to inventory items is the weighted average method.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Water inventory is measured annually at the reporting date by way of dip readings and the calculated volume in the distribution network.

1.24. FINANCIAL INSTRUMENTS

Financial instruments recognised on the Statement of Financial Position include receivables (both from exchange transactions and non-exchange transactions), cash and cash equivalents, annuity loans and payables (both from exchange and non-exchange transactions) and non-current investments. The future utilization of Unspent Conditional Grants is evaluated in order to determine whether it is treated as financial instruments.

1.24.1. Initial Recognition

Financial instruments are initially recognised when the Municipality becomes a party to the contractual provisions of the instrument at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

1.24.2. Subsequent Measurement

Financial assets are categorised according to their nature as either financial assets at fair value, financial assets at amortised cost or financial assets at cost. Financial liabilities are categorised as either at fair value or financial liabilities carried at amortised cost. The subsequent measurement of financial assets and liabilities depends on this categorisation.

1.24.2.1. Receivables

Receivables are classified as financial assets at amortised cost, and are subsequently measured at amortised cost using the effective interest rate method.

For amounts due from debtors carried at amortised cost, the Municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment includes significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 90 days overdue). If the Municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the Statement of Financial Performance. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the

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asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the Statement of Financial Performance.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate, if material. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

1.24.2.2. Payables and Annuity Loans

Financial liabilities consist of payables and annuity loans. They are categorised as financial liabilities held at amortised cost, and are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.24.2.3. Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks. Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, highly liquid deposits and net of bank overdrafts. The Municipality categorises cash and cash equivalents as financial assets carried at amortised cost.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities carried at amortised cost.

1.24.2.4. Non-Current Investments

Investments which include fixed deposits invested in registered commercial banks, are stated at amortised cost.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

The carrying amounts of such investments are reduced to recognise any decline, other than a temporary decline, in the value of individual investments.

1.24.3. De-recognition of Financial Instruments

1.24.3.1. Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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- the rights to receive cash flows from the asset have expired; or
- the Municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Municipality has transferred substantially all the risks and rewards of the asset, or (b) the Municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the old asset is derecognised and a new asset is recognised to the extent of the Municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the Municipality's continuing involvement is the amount of the transferred asset that the Municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the Municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

1.24.3.2. Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Financial Performance.

1.24.4. *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously

1.25. REVENUE

1.25.1. *Revenue from Non-Exchange Transactions*

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the

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extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. At the time of initial recognition the full amount of revenue is recognised. If the Municipality does not enforce its obligation to collect the revenue, this would be considered as a subsequent event. Collection charges are recognised when such amounts are legally enforceable. Rebates and discounts are offset against the related revenue, in terms of iGRAP 1, as there is no intention of collecting this revenue.

Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction.

Fine Revenue constitutes both spot fines and summonses.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the Municipality. Where public contributions have been received, but the Municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. This assessment is performed annually at 30 June. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Revenue is measured at the fair value of the consideration received or receivable.

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When, as a result of a non-exchange transaction, a Municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the present obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability will be recognised as revenue.

1.25.2. Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- The amount of revenue can be measured reliably.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

At the time of initial recognition the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the individual collectability is considered to be improbable. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

Service charges relating to electricity and water are based on consumption and a basic charge as per Council resolution. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at year-end is disclosed under Trade and Other Payables in the Statement of Financial Position.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse points per property.

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Service charges relating to sanitation (sewerage) are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage. In the case of residential property a fixed monthly tariff is levied and in the case of commercial property a tariff is levied based on the number of sewerage connections on the property. Service charges are based on a basic charge as per Council resolution.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue from the sale of goods is recognised when:

- Substantially all the risks and rewards in those goods are passed to the consumer; and
- The municipality seizes managerial involvement and control of the goods; and
- The amount of the revenue can be measured reliably; and
- It is probable that economic benefits or service potential associated with the transaction will flow to the municipality; and
- The costs incurred or to be incurred can be measured reliably.

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

Revenue is measured at the fair value of the consideration received or receivable.

The amount of revenue arising on a transaction is usually determined by agreement between the Municipality and the purchaser or user of the asset or service. It is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates allowed by the Municipality.

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the more clearly determinable of either:

- The prevailing rate for a similar instrument of an issuer with a similar credit rating;

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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- A rate of interest that discounts the nominal amount of the instrument to the current cash sales price of the goods or services.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

When goods or services are exchanged or swapped for goods or services which are of a similar nature and value, the exchange is not regarded as a transaction that generates revenue. When goods are sold or services are rendered in exchange for dissimilar goods or services, the exchange is regarded as a transaction that generates revenue. The revenue is measured at the fair value of the goods or services received, adjusted by the amount of any cash or cash equivalents transferred. When the fair value of the goods or services received cannot be measured reliably, the revenue is measured at the fair value of the goods or services given up, adjusted by the amount of any cash or cash equivalents transferred.

1.26. RELATED PARTIES

The Municipality resolved to adopt the disclosure requirements as per GRAP 20 – “Related Party Disclosures”.

A related party is a person or an entity:

- with the ability to control or jointly control the other party,
- or exercise significant influence over the other party, or vice versa,
- or an entity that is subject to common control, or joint control.

The following are regarded as related parties of the Municipality:

- (a) A person or a close member of that person's family is related to the Municipality if that person:
 - has control or joint control over the Municipality.
 - has significant influence over the Municipalities. Significant influence is the power to participate in the financial and operating policy decisions of the Municipality.
 - is a member of the management of the Municipality or its controlling entity.
- (b) An entity is related to the Municipality if any of the following conditions apply:
 - the entity is a member of the same Municipality (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others).
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an Municipality of which the other entity is a member).
 - both entities are joint ventures of the same third party.
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - the entity is a post-employment benefit plan for the benefit of employees of either the Municipality or an entity related to the Municipality. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity.
 - the entity is controlled or jointly controlled by a person identified in (a).

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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- a person identified in (a) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the Municipality. A person is considered to be a close member of the family of another person if they:

- (a) are married or live together in a relationship similar to a marriage; or
- (b) are separated by no more than two degrees of natural or legal consanguinity or affinity.

Management (formerly known as "Key Management") includes all persons having the authority and responsibility for planning, directing and controlling the activities of the Municipality, including:

- (a) all members of the governing body of the Municipality;
- (b) a member of the governing body of an Municipality who has the authority and responsibility for planning, directing and controlling the activities of the Municipality;
- (c) any key advisors of a member, or sub-committees, of the governing body who has the authority and responsibility for planning, directing and controlling the activities of the Municipality; and
- (d) the senior management team of the Municipality, including the chief executive officer or permanent head of the Municipality, unless already included in (a).

Management personnel include:

- (a) All directors or members of the governing body of the Municipality, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee.
- (b) Other persons having the authority and responsibility for planning, directing and controlling the activities of the reporting Municipality being the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms are disclosed.

1.27. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.28. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.29. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

Management judgement is required when recognising and measuring contingent liabilities.

1.31. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the annual financial statements:

1.31.1. *Post-retirement medical obligations, Long service awards and Ex gratia gratuities*

The cost of post retirement medical obligations, long service awards and ex-gratia gratuities are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Major assumptions used

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are disclosed in note 4 of the annual financial statements. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.31.2. *Impairment of Receivables*

The calculation in respect of the impairment of debtors is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

1.31.3. *Property, Plant and Equipment*

The useful lives of property, plant and equipment are based on management's estimation. Infrastructure's useful lives are based on technical estimates of the practical useful lives for the different infrastructure types, given engineering technical knowledge of the infrastructure types and service requirements. For other assets and buildings management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate. The estimation of residual values of assets is also based on management's judgement whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

Management referred to the following when making assumptions regarding useful lives and residual values of property, plant and equipment.

- The useful life of movable assets was determined using the age of similar assets available for sale in the active market. Discussions with people within the specific industry were also held to determine useful lives.
- Local Government Industry Guides was used to assist with the deemed cost and useful life of infrastructure assets.
- The Municipality referred to buildings in other municipal areas to determine the useful life of buildings. The Municipality also consulted with engineers to support the useful life of buildings, with specific reference to the structural design of buildings.

For deemed cost applied to other assets as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

The cost for depreciated replacement cost was determined by using either one of the following:

- cost of items with a similar nature currently in the Municipality's asset register;
- cost of items with a similar nature in other municipalities' asset registers, given that the other municipality has the same geographical setting as the Municipality and that the other municipality's asset register is considered to be accurate;
- cost as supplied by suppliers.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of an independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.31.4. Intangible Assets

The useful lives of intangible assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

Management referred to the following when making assumptions regarding useful lives of intangible assets:

- Reference was made to intangibles used within the Municipality and other municipalities to determine the useful life of the assets.

1.31.5. Provisions and Contingent Liabilities

Management judgement is required when recognising and measuring provisions and when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

1.31.6. Revenue Recognition

Accounting Policy 1.25.1 on Revenue from Non-Exchange Transactions and Accounting Policy 1.25.2 on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as set out in GRAP 9: Revenue from Exchange Transactions and GRAP 23: Revenue from Non-Exchange Transactions.). Specifically, whether the Municipality, when goods are sold, had transferred to the buyer the significant risks and rewards of ownership of the goods and when services are rendered, whether the service has been performed. The management of the Municipality is satisfied that recognition of the revenue in the current year is appropriate.

1.31.7. Provision for Clearing of Alien Vegetation

The Municipality has an obligation to clear alien vegetation. The provision represents the present cost to clear the alien vegetation. This was based on the current clearing cost per hectare and the total size of the land to be cleared. Assessment of the clearing costs is based on quotations from a specialist supplier and is made every second year and adjusted for inflationary in the alternate years.

1.31.8. Provision for Task Implementation

The provision at 30 June for Task Implementation represents the Municipality's obligation towards qualifying officials as a result of a new national grading system for municipalities which came into effect on 1 October 2009. The calculation was based on the difference between the current basic salary compared to the basic salary as per new TASK grading. The difference between these two packages was backdated to the implementation date of the TASK grading system.

1.31.9. Provision for Staff leave

Staff leave is accrued to employees according to collective agreements. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

1.31.10. Provision for Performance bonuses

The provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by Council.

1.31.11. Componentisation of Infrastructure assets

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

1.32. TAXES – VALUE ADDED TAX

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

1.33. CAPITAL COMMITMENTS

Capital commitments disclosed in the annual financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.34. EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the annual financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

EDEN DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
ASSETS				
Current assets				
Cash	78 937 085	27 145 000	51 792 085	
Call investment deposits	1 104	30 000 000	(29 998 896)	
Consumer debtors	-	(20 200 000)	20 200 000	
Other Receivables	10 675 146	12 352 000	(1 676 854)	
Current portion of long-term receivables	2 509 080	2 298 000	211 080	
Inventory	3 778 281	3 406 000	372 281	
Total current assets	95 900 696	55 001 000	40 899 696	
Non current assets				
Long-term receivables	42 283 901	35 111 000	7 172 901	
Investments	40 774	-	40 774	
Investment property	349 609 111	354 027 000	(4 417 889)	
Property, plant and equipment	160 492 869	177 192 000	(16 699 131)	
Biological Assets	-	-	-	
Intangible Assets	2 520 672	3 358 000	(837 328)	
Heritage Assets	-	92 716 000	(92 716 000)	
Total non current assets	554 947 327	662 404 000	(107 456 673)	
TOTAL ASSETS	650 848 023	717 405 000	-66 556 977	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	622 328	537 000	85 328	
Consumer deposits	-	-	-	
Trade and other payables	53 380 730	29 977 000	23 403 730	
Provisions and Employee Benefits	19 657 518	17 111 000	2 546 518	
Total current liabilities	73 660 576	47 625 000	26 035 576	
Non current liabilities				
Borrowing	1 743 662	4 182 000	(2 438 338)	
Provisions and Employee Benefits	103 554 449	91 770 000	11 784 449	
Total non current liabilities	105 298 111	95 952 000	9 346 111	
TOTAL LIABILITIES	178 958 687	143 577 000	35 381 687	
NET ASSETS	471 889 336	573 828 000	(101 938 664)	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	464 442 364	1 640 000	462 802 364	
Reserves	7 446 972	15 435 000	(7 988 028)	
TOTAL COMMUNITY WEALTH/EQUITY	471 889 336	17 075 000	454 814 336	

EDEN DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Explanations for material adjustments
ASSETS				
Current assets				
Cash	27 145 311	(311)	27 145 000	
Call investment deposits	30 000 000	-	30 000 000	
Consumer debtors	-	(20 200 000)	(20 200 000)	
Other Receivables	12 351 868	132	12 352 000	
Current portion of long-term receivables	2 297 645	355	2 298 000	
Inventory	3 405 546	454	3 406 000	
Total current assets	75 200 370	(20 199 370)	55 001 000	
Non current assets				
Long-term receivables	35 111 026	(26)	35 111 000	
Investments	-	-	-	
Investment property	354 026 907	93	354 027 000	
Property, plant and equipment	177 192 000	-	177 192 000	
Biological Assets	-	-	-	
Intangible Assets	3 357 640	360	3 358 000	
Other Non-Current Assets	92 716 167	(167)	92 716 000	
Total non current assets	662 403 740	260	662 404 000	
TOTAL ASSETS	737 604 110	(20 199 110)	717 405 000	
LIABILITIES				
Current liabilities				
Bank overdraft	-	-	-	
Borrowing	537 000	-	537 000	
Consumer deposits	-	-	-	
Trade and other payables	29 977 000	-	29 977 000	
Provisions and Employee Benefits	17 110 847	153	17 111 000	
Total current liabilities	47 624 847	153	47 625 000	
Non current liabilities				
Borrowing	4 182 000	-	4 182 000	
Provisions and Employee Benefits	91 770 000	-	91 770 000	
Total non current liabilities	95 952 000	-	95 952 000	
TOTAL LIABILITIES	143 576 847	153	143 577 000	
NET ASSETS	594 027 263	(20 199 263)	573 828 000	
COMMUNITY WEALTH				
Accumulated Surplus/(Deficit)	1 640 436	(436)	1 640 000	
Reserves	15 435 548	(548)	15 435 000	
TOTAL COMMUNITY WEALTH/EQUITY	17 075 984	(984)	17 075 000	

EDEN DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
REVENUE BY SOURCE				
Property rates	-	-	-	
Property rates - penalties & collection charges	-	-	-	
Service charges	-	-	-	
Rental of facilities and equipment	1 774 762	1 790 800	(16 038)	
Interest earned - external investments	3 432 586	1 990 908	1 441 678	Expenditure was incurred later during the financial year than anticipated.
Interest earned - outstanding debtors	-	-	-	
Dividends received	-	-	-	
Fines	-	-	-	
Licences and permits	208 295	-	208 295	Included under other income in the budget.
Agency services	14 111 207	12 511 234	1 599 973	Additional allocations received for the roads function for resealing projects.
				Roads Department income included in the actual amounts. Roads function prepare their own budget for the Department of Transport. The Department of Transport approve the budget and not the Eden Council.
Government Grants and Subsidies - Operating	255 153 562	148 259 233	106 894 329	
Contributed PPE	294 102	-	294 102	Assets received from Santam
Other revenue	15 037 452	12 820 538	2 216 914	Additional income received from fire fighting fees and other sources.
Gains on disposal of PPE	133 542	-	133 542	
Total Operating Revenue	290 145 508	177 372 713	112 772 795	
EXPENDITURE BY TYPE				
Employee related costs	91 463 258	88 008 909	3 454 349	Compensation Commissioner not budgeted for and leave and bonus provision corrected
Remuneration of councillors	6 747 342	6 871 411	(124 069)	
Debt impairment	2 042 881	1 054 000	988 881	Additional impairment was required after in depth review of outstanding amounts.
Depreciation & asset impairment	5 143 591	8 135 840	(2 992 249)	Lower depreciation due to review of useful lives.
Finance charges	285 709	749 840	(464 131)	Finance leases were included in the budget which ended during 2012.
Bulk purchases	-	-	-	
				In the process of compiling a maintenance and fleet management plan. It is expected that the repairs and maintenance will increase after completion of the plan.
Other materials	3 119 135	3 745 229	(626 094)	
Contracted services	6 363 035	17 303 164	(10 940 129)	Savings In the use of consultants.
				Roads Department expenditure included in the actual amounts. Roads function prepare their own budget for the Department of Transport. The Department of Transport approve the budget and not the Eden Council.
Grants and subsidies paid	128 584 320	10 095 686	118 488 634	
Other expenditure	31 338 461	40 472 892	(9 134 431)	General savings initiatives, savings task team was established and implementation of turnaround strategy.
Loss on disposal of PPE	391 063	-	391 063	
Total Operating Expenditure	275 478 795	176 436 972	99 041 823	
Operating Surplus/(Deficit) for the year	14 666 713	935 742	13 730 971	
Government Grants and Subsidies - Capital	-	-	-	
Net Surplus/(Deficit) for the year	14 666 713	935 742	13 730 971	

EDEN DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
REVENUE BY SOURCE				
Property rates	-	-	-	
Property rates - penalties & collection charges	-	-	-	
Service charges	-	-	-	
Rental of facilities and equipment	2 157 000	(366 200)	1 790 800	Original budget was not correct and adjustment was made after an investigation of rental properties.
Interest earned - external investments	2 349 600	(358 692)	1 990 908	Less funds available for investment and lower interest rates than anticipated
Interest earned - outstanding debtors	-	-	-	
Dividends received	-	-	-	
Fines	-	-	-	
Licences and permits	-	-	-	
Agency services	12 637 542	(126 308)	12 511 234	Work for Water admin fee was lower than anticipated.
Government Grants and Subsidies - Operating	128 949 000	19 310 233	148 259 233	Roll-over grants approved and additional allocations received. Re-allocation between grants and other income.
Other revenue	26 394 509	(13 573 971)	12 820 538	Re-allocation between grants and other income and revenue from resorts were adjusted downwards.
Gains on disposal of PPE	-	-	-	
Total Operating Revenue	172 487 651	4 885 062	177 372 713	
EXPENDITURE BY TYPE				
Employee related costs	88 295 836	(286 927)	88 008 909	
Remuneration of councillors	6 871 411	-	6 871 411	
Debt impairment	1 054 000	-	1 054 000	
Depreciation & asset impairment	8 135 840	-	8 135 840	
Finance charges	749 840	-	749 840	
Bulk purchases	-	-	-	
Other materials	4 052 777	(307 548)	3 745 229	Re-allocation between repairs and maintenance and other expenditure.
Contracted services	16 881 786	421 378	17 303 164	
Grants and subsidies paid	4 892 000	5 203 686	10 095 686	Roll-over grants approved and additional allocations received
Other expenditure	39 913 463	559 429	40 472 892	
Loss on disposal of PPE	-	-	-	
Total Operating Expenditure	170 846 953	5 590 019	176 436 972	
Operating Deficit for the year	1 640 699	(704 957)	935 742	
Government Grants and Subsidies - Capital	-	-	-	
Net Surplus for the year	1 640 699	(704 957)	935 742	

EDEN DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

COMPARISON OF ACTUAL FIGURES TO FINAL BUDGET

	2013 R (Actual)	2013 R (Final Budget)	2013 R (Variance)	Explanations for material variances
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	37 961 375	500 000	37 461 375	
Government - operating	255 143 043	1 500 000	253 643 043	
Government - capital	-	-	-	
Interest	3 432 586	2 350 000	1 082 586	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(261 337 222)	(9 479 080)	(251 858 142)	
Finance charges	(285 709)	(750 000)	464 291	
Transfers and Grants	-	(4 892 000)	4 892 000	
NET CASH FROM/(USED) OPERATING ACTIVITIES	34 914 073	(10 771 080)	45 685 153	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	169 731	-	169 731	
Decrease/(increase) in non-current receivables	2 604 222	-	2 604 222	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	(740 338)	-	(740 338)	
NET CASH FROM/(USED) INVESTING ACTIVITIES	2 033 616	-	2 033 616	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	(782 118)	-	(782 118)	
NET CASH FROM/(USED) FINANCING ACTIVITIES	(782 118)	-	(782 118)	
NET INCREASE/(DECREASE) IN CASH HELD	36 165 571	(10 771 080)	46 936 651	
Cash and Cash Equivalents at the beginning of the year	42 772 618	-	42 772 618	
Cash and Cash Equivalents at the end of the year	78 938 189	(10 771 080)	89 709 269	

EDEN DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

ADJUSTMENTS TO APPROVED BUDGET

	2013 R (Approved Budget)	2013 R (Adjustments)	2013 R (Final Budget)	Reasons for material adjustments
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts				
Ratepayers and other	41 188 446	(40 688 446)	500 000	
Government - operating	128 949 000	(127 449 000)	1 500 000	
Government - capital	-	-	-	
Interest	2 350 000	-	2 350 000	
Dividends	-	-	-	
Payments				
Suppliers and Employees	(119 920 287)	110 441 207	(9 479 080)	
Finance charges	(750 000)	-	(750 000)	
Transfers and Grants	(4 892 000)	-	(4 892 000)	
NET CASH FROM/(USED) OPERATING ACTIVITIES	46 925 159	(57 696 239)	(10 771 080)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of Assets	-	-	-	
Decrease/(increase) in non-current receivables	-	-	-	
Decrease/(increase) in non-current investments	-	-	-	
Payments				
Capital assets	-	-	-	
NET CASH FROM/(USED) INVESTING ACTIVITIES	-	-	-	
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Borrowing	-	-	-	
Increase/(decrease) in consumer deposits	-	-	-	
Payments				
Repayment of borrowing	-	-	-	
NET CASH FROM/(USED) FINANCING ACTIVITIES	-	-	-	
NET INCREASE/(DECREASE) IN CASH HELD	46 925 159	(57 696 239)	(10 771 080)	
Cash and Cash Equivalents at the beginning of the year				
Cash and Cash Equivalents at the end of the year	46 925 159	(57 696 239)	(10 771 080)	

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2 HOUSING DEVELOPMENT FUND

Housing Development Fund

- Unappropriated Surplus
- Loans extinguished by Government on 1 April 1998

The Housing Development Fund is represented by the following assets and liabilities

- Property, plant and equipment (see note 11)
- Bank and cash

Total Housing Development Fund Assets and Liabilities

2013 R	2012 R
56 426	56 426
56 426	56 426
-	-
-	-
56 426	56 426
56 426	56 426

3 LONG TERM LIABILITIES

Capitalised Lease Liability - At amortised cost
DBSA Loans - At amortised cost

Sub-total

Less: Current portion transferred to currents liabilities

- DBSA Loans - At amortised cost
- Current Portion of Unamortised Charges to Loans

Less: Unamortised Charges to Loans

- Balance 1 July
- Adjustment for the Year

Total Long-term Liabilities - At amortised cost using the effective interest rate method

Annuity loans at amortised cost is calculated at 9.29%-17.82% interest rate, with first maturity date of 31 December 2009 and last maturity date of 31 March 2016. Interest rates are at arms length and the amounts reflected above represents the fair value of the financial liabilities. The schedule of contractual maturity analysis for Annuity Loans:

Refer to Appendix A for more detail on long-term liabilities.

The obligations under DBSA loans are scheduled below:

Amounts payable under DBSA loans

- Payable within one year
- Payable within two to five years
- Payable after five years

Less: Future finance obligations

Present value of loan obligations

Less: Amounts due for settlement within 12 months

Amount due for settlement after 12 months

Minimum Loan Payments	
2013	2012
1 065 688	1 065 688
532 844	1 598 532
-	-
1 598 532	2 664 220
906 548	622 978
2 505 080	3 287 198
(700 394)	(635 168)
1 804 686	2 652 030

4 EMPLOYEE BENEFITS

- Provision for Post Employment Health Care Benefits
- Roads - Provision for Post Employment Health Care Benefits
- Provision for Ex-Gratia Pension Benefits
- Roads - Provision for Ex-Gratia Pension Benefits
- Provision for Long Service Leave Awards
- Roads - Provision for Long Service Leave Awards

Less Short Term Portion Transferred to Current Provisions

Total Non-current Employee Benefit Liabilities

2013 R	2012 R
55 798 855	44 434 116
40 801 527	43 847 116
1 007 190	1 009 246
855 875	1 002 246
4 362 238	4 173 517
3 113 523	2 499 304
105 939 208	96 965 545
(5 371 773)	(4 769 332)
100 567 435	92 196 213

Included in the above provision for Employee Benefits are the following amounts in respect of benefits payable to the Roads Division:

- Roads - Provision for Post Employment Health Care Benefits
- Roads - Provision for Ex-Gratia Pension Benefits
- Roads - Provision for Long Service Leave Awards

2013 R	2012 R
40 801 527	43 847 116
855 875	1 002 246
3 113 523	2 499 304
44 770 925	47 348 666

In terms of the agreement with the Western Cape Provincial Government these amounts will be recoverable from the Provincial Government Western Cape on payment to the set employees. Refer note 16.

Post Employment Health Care Benefits

- Balance 1 July
- Contribution for the year
- Interest Cost
- Expenditure for the year
- DMA staff transfer curtailment
- Actuarial Loss/(Gain)

Total post retirement benefits 30 June

Less: Transfer of Current Portion - Note 6

Balance 30 June

2013	2012
88 281 230	80 158 912
3 208 495	2 930 581
6 591 292	6 659 298
(3 873 060)	(3 950 180)
-	(2 352 508)
2 392 423	4 835 127
96 600 380	88 281 230
(4 245 684)	(3 873 060)
92 354 696	84 408 170

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4 EMPLOYEE BENEFITS (Continued)

Long Service Leave Benefits

	2013 R	2012 R
Balance 1 July	6 672 821	6 146 331
Contribution for the year	735 605	788 126
Interest Cost	413 095	456 213
Expenditure for the year	(676 588)	(803 163)
DMA staff transfer curtailment	-	(433 160)
Actuarial Loss/(Gain)	330 828	518 474
Total post retirement benefits 30 June	7 475 761	6 672 821
Less: Transfer of Current Portion - Note 6	(826 134)	(581 994)
Balance 30 June	6 649 627	6 090 827

Ex-Gratia Pension Awards

Balance 1 July	2 011 492	2 236 754
Contribution for the year	-	-
Interest Cost	108 116	157 281
Expenditure for the year	(314 277)	(303 400)
Actuarial Loss/(Gain)	57 735	(79 143)
Total post retirement benefits 30 June	1 863 066	2 011 492
Less: Transfer of Current Portion - Note 6	(299 955)	(314 277)
Balance 30 June	1 563 111	1 697 215

TOTAL NON-CURRENT EMPLOYEE BENEFITS

Balance 1 July	96 965 543	88 541 997
Contribution for the year	3 944 100	3 718 707
Interest Cost	7 112 503	7 272 792
Expenditure for the year	(4 863 925)	(5 056 743)
DMA staff transfer curtailment	-	(2 785 668)
Actuarial Loss/(Gain)	2 780 986	5 274 458
Total post retirement benefits 30 June	105 939 207	96 965 543
Less: Transfer of Current Portion - Note 6	(5 371 773)	(4 769 331)
Balance 30 June	100 567 434	92 196 212

4.1 Post Retirement Benefits

The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:

	2013 Members	2012 Members
In-service (employee) members	193	201
Roads - In-service (employee) members	187	184
Continuation members (e.g. retirees, widows, orphans)	82	81
Roads - Continuation members (e.g. retirees, widows, orphans)	67	71
Total Members	529	537

The liability in respect of past service has been estimated to be as follows:

	2013 R	2012 R
In-service members	20 979 543	20 197 695
Roads - In-service members	19 704 991	18 080 395
Continuation members	34 819 312	24 236 421
Roads - Continuation members	21 096 535	25 766 720
Total Liability	96 600 381	88 281 231

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2009 R	2010 R	2011 R
In-service members	13 235 688	14 544 044	18 270 798
Roads - In-service members	9 836 950	12 297 165	14 159 873
Continuation members	22 272 894	23 789 933	28 124 019
Roads - Continuation members	18 241 793	18 180 649	19 604 223
	63 587 325	68 811 791	80 158 913

Experience adjustments were calculated as follows:

	2013 R	2012 R
Liabilities: (Gain) / loss	6 190 000	(3 898 000)
Assets: Gain / (loss)	-	-

	2009 R	2010 R	2011 R
Liabilities: (Gain) / loss	2 883 000	3 740 000	(780 000)
Assets: Gain / (loss)	-	-	-

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

Bonitas;
Keyhealth
LA Health
ProSano
Hosmed
SAMWU Medical Aid

The Future-service Cost for the ensuing year is estimated to be R 3 266 868, whereas the Interest- Cost for the next year is estimated to be R 8 063 028.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4 EMPLOYEE BENEFITS (Continued)

Key actuarial assumptions used:

i) Rate of interest

Discount rate
Health Care Cost Inflation Rate
Net Effective Discount Rate

2013 %	2012 %
8.53%	7.63%
7.55%	6.93%
0.91%	0.66%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

ii) Mortality rates

The PA 90 ult. Mortality table was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 60 years.

It has been assumed that in-service members will retire at age 60, which then implicitly allows for expected rates of early and ill-health retirement.

The amounts recognised in the Statement of Financial Position are as follows:

	2013 R	2012 R
Present value of fund obligations	55 798 855	44 434 116
Roads - Present value of fund obligations	40 801 526	43 847 115
Net liability/(asset)	96 600 381	88 281 231

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

Present value of fund obligation at the beginning of the year	88 281 230	80 158 912
Current service cost	3 208 495	2 930 581
Interest Cost	6 591 292	6 659 298
Benefits Paid	(3 873 060)	(3 950 180)
Total expenses	94 207 957	85 798 611
DMA Staff Transfer Curtailment	-	(2 352 508)
Actuarial (gains) / losses	2 392 423	4 835 127
Present value of fund obligation at the end of the year	96 600 380	88 281 230

Sensitivity Analysis on the Accrued Liability

Assumption	Change	In-service members liability (Rm)	Continuation members liability (Rm)	Total liability (Rm)	% change
Central Assumptions		40.685	55.916	96.600	
Health care inflation	1%	49.636	62.207	111.843	16.00%
Health care inflation	-1%	33.662	50.587	84.249	-13.00%
Post retirement mortality	- 1 yr	42.019	58.156	100.174	4.00%
Average retirement age	+ 1 yr	43.712	55.916	99.628	3.00%
Withdrawal rate	-50%	45.350	55.916	101.266	5.00%

Assumption	Change	Current-service Cost R	Interest Cost R	Total R	% change
Central Assumption		3 208 500	6 591 300	9 799 800	
Health care inflation	1%	4 020 200	7 690 900	11 711 100	20.00%
Health care inflation	-1%	2 588 800	5 708 300	8 297 100	-15.00%
Post-retirement mortality	-1 year	3 313 500	6 849 600	10 163 100	4.00%
Average retirement age	-1 year	3 455 500	6 814 600	10 270 100	5.00%
Withdrawal Rate	-50%	3 831 400	6 953 000	10 784 400	10.00%

4.2 Provision for Long Service Bonuses

The Long Service Bonus plans are defined benefit plans. As at year end, 215 Eden employees and 300 Roads employees were eligible for Long Service Bonuses.

The Future-service Cost for the ensuing year is estimated to be R 915 457, whereas the Interest- Cost for the next year is estimated to be R 515 028.

Key actuarial assumptions used:

i) Rate of interest

Discount rate
General Salary Inflation (long-term)
Net Effective Discount Rate applied to salary-related Long Service Bonuses

2013 %	2012 %
7.28%	6.47%
6.79%	5.97%
0.46%	0.47%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

Analysis of accrued liability

Fair value of plan assets -		
Accrued Liability	4 362 238	4 173 517
Roads - Accrued Liability	3 113 523	2 499 304
Net liability / (asset)	7 475 761	6 672 821

Reconciliation of accrued liability values:

Present value of fund obligation at the beginning of the year	6 672 821	6 146 331
Current service cost	735 605	788 126
Interest Cost	413 095	456 213
Benefits Paid	(676 588)	(803 163)
Total expenses	7 144 933	6 587 507
DMA Staff Transfer Curtailment	-	(433 160)
Actuarial (gains) / losses	330 828	518 474
Present value of fund obligation at the end of the year	7 475 761	6 672 821

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4 EMPLOYEE BENEFITS (Continued)

The amounts recognised in the Statement of Financial Position are as follows:

	2013 R	2012 R
Accrued Liability	4 362 238	4 173 517
Roads - Accrued Liability	3 113 523	2 499 304
Net liability	7 475 761	6 672 821

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2009 R	2010 R	2011 R
Accrued Liability	3 241 846	4 752 074	3 744 356
Roads - Accrued Liability	1 694 817	2 677 312	2 401 975
Total Liability	4 936 663	7 429 386	6 146 331

Experience adjustments were calculated as follows:

	2013 R	2012 R
Liabilities: (Gain) / loss	356 598	57 687
Assets: Gain / (loss)	-	-

	2009 R	2010 R	2011 R
Liabilities: (Gain) / loss	91 154	2 070 144	(304 411)
Assets: Gain / (loss)	-	-	-

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (Rm)	% change
Central assumptions		7.746	
General salary inflation	+ 1%	7.978	7%
General salary inflation	- 1%	7.021	-6%
Average retirement age	-2 yrs	5.934	-21%
Average retirement age	+2 yrs	8.553	14%
Withdrawal rates	-50%	8.974	20%

4.3 Provision for Ex-Gratia Pension Benefits

The Ex-Gratia Pension Benefit plans are defined benefit plans. As at year end, 10 former Eden employees and 15 former Roads employees were eligible for Ex-Gratia Benefits.

The is no Current-service cost as there are no in-service members eligible for ex-gratia pension benefits, whereas the Interest- Cost for the next year is estimated to be R 115 595..

Key actuarial assumptions used:

i) Rate of interest

	2013 %	2012 %
Discount rate	6.74%	5.82%
Pension Increase Rate	3.12%	2.52%
Net Effective Discount Rate: pensioners with pension increases of 50% of DPI	3.51%	3.22%

The discount rate used is a composite of all government bonds and is calculated using a technique is known as "bootstrapping"

The amounts recognised in the Statement of Financial Position are as follows:

	2013 R	2012 R
Accrued Liability	1 007 190	1 009 245
Roads - Accrued Liability	855 875	1 002 246
Net liability	1 863 065	2 011 491

The liability in respect of periods commencing prior to the comparative year has been estimated as follows:

	2009 R	2010 R	2011 R
Accrued Liability	1 331 368	1 103 251	1 129 529
Roads - Accrued Liability	1 302 980	1 193 785	1 107 225
Total Liability	2 634 348	2 297 036	2 236 754

Experience adjustments were calculated as follows:

	2013 R	2012 R
Liabilities: (Gain) / loss	84 892	(225 549)
Assets: Gain / (loss)	-	-

	2009 R	2010 R	2011 R
Liabilities: (Gain) / loss	143 539	(228 298)	30 642
Assets: Gain / (loss)	-	-	-

Analysis of accrued liability

	2013 R	2012 R
Fair value of plan assets -		
Accrued Liability	1 007 190	1 009 245
Roads - Accrued Liability	855 875	1 002 246
Unrecognised past service cost -	-	-
Unrecognised actuarial gains / (losses) -	-	-
Present value of unfunded obligations	-	-
Net liability / (asset)	1 863 066	2 011 491

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

4 EMPLOYEE BENEFITS (Continued)

Reconciliation of accrued liability values:

	2013 R	2012 R
Present value of fund obligation at the beginning of the year	2 011 492	2 236 754
Current service cost	-	-
Present value of fund obligation recognised for the first time	-	-
Roads - Present value of fund obligation recognised for the first time	-	-
Interest Cost	108 116	157 281
Benefits Paid	(314 277)	(303 400)
Total expenses	1 805 331	2 090 635
Actuarial (gains) / losses	57 735	(79 143)
Present value of fund obligation at the end of the year	1 863 066	2 011 492

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Change	Liability (R)	% change
Central assumptions		1 863 065	
Pension Increase rate	+1%	1 959 421	5%
Pension Increase rate	-1%	1 774 010	-5%
Post-retirement mortality	- 1 yr	1 958 945	5%

4.4 Retirement Funds

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Pension and Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Pension and Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although both the Cape Joint Pension Fund and Cape Joint Retirement Fund are defined as defined benefit plans, it will be accounted for as defined contribution plans.

Cape Joint Pension Fund

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in an sound financial position with a funding level of 99.90% (30 June 2011 - 98.10%).

	2013 R	2012 R
Contributions paid recognised in the Statement of Financial Performance	404 944	400 853

Cape Retirement Fund

The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2012 revealed that the fund is in a sound financial position with a funding level of 108.00.% (30 June 2011 - 103.3%).

	2013 R	2012 R
Contributions paid recognised in the Statement of Financial Performance	13 351 106	11 220 255

Defined Contribution Plans

Council contribute to the Municipal Council Pension Fund and the NMWF Retirement Fund which are defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

Contributions paid recognised in the Statement of Financial Performance

	2013 R	2012 R
Municipal Councillors Pension Fund	98 470	179 144
NMWF Retirement Fund	-	-
Contributions paid recognised in the Statement of Financial Performance	98 470	179 144

5 NON-CURRENT PROVISIONS

Provision for Alleviation of Alien Vegetation on Council Properties
Less current portion transferred to Current Provisions - Note 7

	2013 R	2012 R
Provision for Alleviation of Alien Vegetation on Council Properties	5 485 902	5 249 444
Less current portion transferred to Current Provisions - Note 7	(2 498 888)	(2 368 639)
Total Non-Current Provisions	2 987 014	2 880 805

Clearing of Alien Vegetation

	2013 R	2012 R
Balance 1 July	5 249 444	4 698 977
Contribution for the year	236 458	550 467
Expenditure for the year	-	-
Total provision 30 June	5 485 902	5 249 444
Less: Transfer of Current Portion to Current Provisions - Note 7	(2 498 888)	(2 368 639)
Balance 30 June	2 987 014	2 880 805

According to the Alien Vegetation Eradication plan developed for the district municipality, it is estimated that an amount of R5,485,902 is required assuming that a strategy is followed where all properties were treated in the first year. The total budget required for the first follow-up would be R2,498,888 in the second year, R906,818 in the third year and R623 328 in the fourth year and will continued for 10 years.

The discount rate used to calculate the present value of the rehabilitation costs at each reporting period is based on a calculated risk free rate as determined by the municipality. This rate is in line with a competitive investment rate the municipality can obtain from an A grade financial institution. The following rate was used - 5% (2012 - 5.3%)

There was no expenditure incurred for the current or prior financial years.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

6 CURRENT EMPLOYEE BENEFITS

	2013 R	2012 R
Performance Bonuses	779 438	1 106 005
Provision for Staff Leave	4 651 107	4 244 637
Provision for Staff Bonus	2 039 417	2 033 115
Roads - Provision for Staff Leave	2 787 026	2 249 965
Roads - Performance Bonuses	-	84 598
Roads - Provision for Staff Bonus	1 529 869	1 435 646
	5 371 773	4 769 332
Current Portion of Employee Benefit Provisions	2 862 693	2 117 086
Current Portion of Employee Benefit Provisions - Roads	2 509 080	2 652 246
Total Provisions	17 158 630	15 923 298

30-Jun-13

Balance at beginning of year	84 598	1 106 005
Overprovision previous year	-	-
Contributions/ (Reversal) to/of provision - current year provision	(84 598)	(326 567)
Balance at end of year	-	779 438

30-Jun-12

Balance at beginning of year	126 218	680 445
Overprovision previous year	(126 218)	-
Contributions to provision - current year provision	84 598	425 560
Balance at end of year	84 598	1 106 005

Performance bonuses are being paid to Municipal Manager and Directors after an evaluation of performance by the council. There is no possibility of reimbursement.

30-Jun-13

Balance at beginning of year	2 249 965	4 244 637
Contributions to provision - current year provision	860 501	939 669
Expenditure incurred	(323 439)	(533 199)
Balance at end of year	2 787 026	4 651 107

30-Jun-12

Balance at beginning of year	2 058 381	4 567 241
Contributions to provision - current year provision	191 584	(322 604)
Expenditure incurred	-	-
Balance at end of year	2 249 965	4 244 637

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave. There is no possibility of reimbursement.

30-Jun-13

Balance at beginning of year	1 435 646	2 033 116
Contributions to provision - current year provision	2 732 175	3 794 391
Expenditure incurred	(2 637 953)	(3 788 089)
Balance at end of year	1 529 868	2 039 418

30-Jun-12

Balance at beginning of year	1 350 759	2 203 441
Contributions to provision - current year provision	1 979 271	3 510 833
Expenditure incurred	(1 894 384)	(3 681 158)
Balance at end of year	1 435 646	2 033 116

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle. There is no possibility of reimbursement.

For more information regarding the provisions for Post Retirement Benefits and Long-term Service Awards - Refer to Note 4 to the Financial Statements, Other Defined Benefit Plan Information

7 PROVISIONS

	2013 R	2012 R
Current Portion of Alleviation of Alien Vegetation	2 498 888	2 368 639
Total Provisions	2 498 888	2 368 639

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

8 TRADE PAYABLES FROM EXCHANGE TRANSACTIONS

2013 R	2012 R
Trade Payables	3 010 980
Balance previously reported	2 489 692
Correction of error - Note 29.4: Correction of Municipal Accounts at B-Municipalities	521 288
Payments received in advance	4 582 032
Shortfall on Pension fund	3 571 756
Roads - Shortfall on Pension fund	665 949
Advances to Agencies	665 648
Other creditors	7 255 501
Balance previously reported	3 647 063
Correction of error - Note 29.4: Compensation Commissioner	3 786 508
Correction of error - Note 29.4: Compensation Commissioner	(9 516)
Correction of error - Note 29.4: Large Medical Aid Claims	(5 510)
Correction of error - Note 29.4: Medical Aid Contributions	(332 255)
Correction of error - Note 29.4: Correction of Insurance Payments	146 579
Correction of error - Note 29.4: Previous Councillors Paid Incorrectly	15 367
Correction of error - Note 29.4: Correction of SARS PAYE Payments	7 265
SARS - Roads	4 340 682
Balance previously reported	-
Correction of error - Note 29.4: Correction of VAT on Agencies Incorrectly Claimed	4 340 682
Roads - Payment Received in Advance	7 522 825
Roads - Other creditors	627 040
Balance previously reported	1 155 618
Correction of error - Note 29.4 - Medical Aid Contributions	(528 578)
Government subsidies: Department of Transport - Roads	1 768 471
Balance previously reported	1 283 266
Correction of error - Note 29.4 - Medical Aid Contributions	528 578
Correction of error - Note 29.5 - Large Medical Aid Claims	(43 373)
Roads - Plant Account	-
Retention Creditors	-
Debtors with credit balances	126 483
Roads - Debtors with credit balances	-
Councillors Transport Allowance	50 514
Allocations to municipalities	670 242
Total Trade Payables	34 192 174
45 332 193	

Payables are being recognised net of any discounts.

Payables are being paid within 30 days as prescribed by the MFMA. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

All payables are unsecured.

9 UNSPENT CONDITIONAL GRANTS AND RECEIPTS

Unspent Grants

8 048 538	7 883 178
National Government Grants	6 124 200
Provincial Government Grants	960 834
Other Grant Providers	798 144
2 057 455	0
National Government Grants	-
Provincial Government Grants	0
Correction of Error - Note	-
Other Grant Providers	-
5 991 083	7 883 178

Total Conditional Grants and Receipts

See appendix "B" for reconciliation of grants from other spheres of government. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised.. For the 2012 Financial Year R 189 000 of the MSIG grant and R 1 572 000 of the Electricity Demand Side Management Grant was withheld.

10 TAXES

VAT Receivable	1 754 629
Roads - VAT payable	-
2 058 142	1 754 629

VAT is payable on the receipts basis. Only once payment is received from debtors VAT is paid over to SARS.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

11 PROPERTY, PLANT AND EQUIPMENT (Continued)

Third party payments received for losses incurred:

Payments received (Excluding VAT)
Carrying value of assets written off/lost
Surplus/Deficit

2013 R	2012 R
-	-
423 556	156 413
423 556	156 413

Impairment of property plant and equipment

Impairment charges on Property, plant and equipment recognised in statement of financial performance

Land and Buildings	-	15 099
Infrastructure	-	27 524
Community Assets	-	1 590 673
Lease Assets	-	-
Heritage	-	-
Other	-	473 682
	-	2 106 977

Cumulative impairment charges included in major balances

Land and Buildings	-	-
Infrastructure	-	-
Community Assets	-	-
Lease Assets	-	-
Heritage	-	-
Other	-	-
	-	-

Effect of changes in accounting estimates

During the current year residual values of certain vehicles were re-assessed to ensure values are in line with the estimated amounts that the District Municipality would currently obtain from the disposal of the asset if the assets were already of the age and condition expected at the end of its estimated useful life. The effect on the current as well as future periods are as follow:

	2013 R	2014 R	2015 R
Effect on Accumulated Surplus - Decrease/(Increase) in depreciation	(1 074 739)	(2 101 263)	122 182
Increase in Accumulated Depreciation: Property, plant and equipment	(1 074 739)	(3 176 003)	(3 053 821)

12 INVESTMENT PROPERTY

Net Carrying amount at 1 July

Cost - Buildings
Cost - Land

Accumulated Depreciation - Buildings
Correction of error Depreciation Calculation - Note 29.2

Acquisitions

Cost of Land Transferred from Property, Plant and Equipment
Cost of Buildings Transferred from Property, Plant and Equipment
Transfer of Accumulated Depreciation form Property, Plant and Equipment
Restated depreciation for the year

Depreciation for the year - previously reported
Correction of error Depreciation Calculation - Note 29.2

Disposals

Transfer of functions to George Municipality: Cost
Transfer of functions to George Municipality: Accumulated Depreciation
Depreciation written back on disposal

Net Carrying amount at 30 June

Cost - Buildings
Cost - Land

Accumulated Depreciation - Buildings

Revenue derived from the rental of investment property

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

2013 R	2012 R
347 129 030	354 025 646
22 943 437	358 132 600
328 558 463	
(4 372 870)	(4 105 694)
	(1 260)
-	-
571 000	-
3 400 000	-
(679 889)	-
(811 030)	(765 018)
	(766 578)
	1 560
-	-
-	(6 630 700)
-	499 102
-	-
349 609 111	347 129 030
23 514 437	351 501 900
331 958 463	
(5 863 789)	(4 372 870)
1 774 762	1 265 673

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

13	INTANGIBLE ASSETS	2013	2012
		R	R
	Cost	5 976 303	5 735 543
	Opening Balance on 1 July	5 735 543	5 702 946
	Balance Previously reported		5 702 946
	Correction of Error - Note 29.3		-
	Acquisitions for the year - At cost	159 045	33 513
	Disposals	(10 134)	-
	Class Transfer - From Property, Plant & Equipment: Cost	91 849	447 264
	Impairment of Intangible Assets	-	448 180
	Less: Accumulated Amortisation	(3 455 631)	(2 929 708)
	Opening Balance on 1 July	(2 929 708)	(1 721 200)
	Balance Previously reported		(1 903 619)
	Correction of error Amortisation Calculation - Note 29.3		2 684
	Correction of error opening balance differences - Note 29.3		(11 565)
	Correction of error zero carrying values - Note 29.3		191 300
	Restated Amortisation for the year	(486 950)	(1 090 207)
	Amortisation for the year - previously reported		(1 048 638)
	Correction of error Amortisation Calculation - Note 29.3		(3 309)
	Correction of error zero carrying values - Note 29.3		(38 260)
	Disposals	6 438	-
	Class Transfer - From Property, Plant & Equipment: Accumulated Amortisation	(45 411)	(435 939)
	Impairment of Intangible Assets	-	(317 638)
	Total Intangible Assets	2 520 672.00	2 805 835.00
	No intangible asset were assed having an indefinite useful life.		
	There are no intangible assets whose title is restricted.		
	There are no intangible assets pledged as security for liabilities		
	There are no contractual commitments for the acquisition of intangible assets.		
14	NON-CURRENT ASSETS HELD FOR SALE & LIABILITIES ASSOCIATED WITH DISCONTINUED OPERATIONS		2012
			R
	Non-Current Assets Held for Sale / discontinued operations		
	Opening Balance		92 716 166
	Additional Held for Sale Property, Plant and Equipment transferred		49 210 263
	Transfer of Functions to George Municipality		(105 662 939)
	Transferred to Property, Plant and Equipment		(36 263 491)
			(0)
	Liabilities associated with discontinued operations		
	Opening Balance		6 281 576
	Transfer of Functions to George Municipality		(6 259 167)
	Transferred to Employee Benefits		(22 409)
			-
15	NON-CURRENT INVESTMENTS	2013	2012
		R	R
	Unlisted		
	KKLK shares and Loan Account - Held at Fair Value through Profit and Loss	40 774	40 774
	Total Unlisted	40 774	40 774
	Total Investments	40 774	40 774
	Council's valuation of unlisted investments		
	KKLK shares	40 774	40 774
		40 774	40 774
16	LONG-TERM RECEIVABLES		
	Car loans - At amortised cost	-	1 281
	Department of Transport: Roads - Post Employment Health Care Benefits (Note 4.1) - At amortised cost	40 801 527	43 847 116
	Department of Transport: Roads - Long Service Awards (Note 4.2) - At amortised cost	3 113 523	2 499 304
	Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 4.3) - At amortised cost	855 875	1 002 246
	Long term debtors: Local Authorities - At amortised cost	25 199	50 399
		44 796 124	47 400 346
	Less: Current portion transferred to current receivables	2 509 080	2 653 527
	Car loans - At amortised cost	-	1 281
	Department of Transport: Roads - Post Employment Health Care Benefits (Note 4.1) - At amortised cost	1 865 178	2 253 096
	Department of Transport: Roads - Long Service Awards (Note 4.2) - At amortised cost	500 218	240 382
	Department of Transport: Roads - Ex-Gratia Pension Benefits (Note 4.3) - At amortised cost	143 684	158 768
	Less: Unamortised Charges to Long Term Receivables	3 143	9 037
	Balance 1 July	9 037	-
	Adjustment for the Year	(5 894)	9 037
	Total	42 283 901	44 737 782

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 LONG-TERM RECEIVABLES (Continued)

16

LOANS TO OTHER LOCAL AUTHORITIES

The loans to other local authorities are interest free, except for the following loan:

Mossel Bay Municipality:

Great Brakriver: Sewerage, loan is payable over 15 years interest free, instalment is R 162 933.33 per year. (August 1993)

Knysna Municipality:

Hornlee - Water and sewerage loan is payable over 20 years and bears interest at 10%, instalment is R 25 200 per year (October 1993)

Mossel Bay Municipality:

Electricity D'Almeida loan is payable over 15 years interest free, instalment is R 77, 039 per year. (March 1994)

CAR LOANS

Senior staff are entitled to car loans which attract interest at 8% per annum and which are repayable over a maximum period of 5 years. As from 1 July 2005 no new car loans or computer loans to staff are permitted.

DEPARTMENT OF TRANSPORT: ROADS

In terms of the agreement between the Western Cape Provincial Government and past experience, Provincial Government funds will be made available to maintain the approved organogram of the Roads department, including all employee post retirement benefits. The future claim for the provision for retirement benefits has therefore been raised as a long term debtor.

The carrying value of the Long-Term Receivables approximate their fair value and are shown at amortised cost using the effective interest rate method. As these loans are all recoverable the Municipality was not required to make any provision for any possible impairments.

17 INVENTORY

Consumable Stores - at cost

Total Inventory

Consumable stores materials written down due to losses as identified during the annual stores counts.

Consumable stores materials surpluses identified during the annual stores counts.

Inventory recognised as an expense during the year

2013 R	2012 R
3 778 281	3 311 513
3 778 281	3 311 513
5 687	268 288
-	-
5 687	268 288

18 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS

As at 30 June 2013

Service debtors

Ambulance and Fire Fighting Fees

Councillors' Arrears

Rental Agreements

Total

Gross Balances	Provision for Bad Debts	Net Balances
3 089 483	(2 071 495)	1 017 988
2 583 395	(1 455 506)	1 127 889
3 698 950	(2 456 335)	1 242 615
9 371 828	(5 983 336)	3 388 492

As at 30 June 2012

Service debtors

Electricity

Water

Refuse

Sewerage

Ambulance and Fire Fighting Fees

Councillors' Arrears

Rental Agreements

Total

Gross Balances	Provision for Bad Debts	Net Balances
20 495	(20 495)	-
2 028	(2 083)	(55)
708	(708)	-
2 847	(2 847)	-
1 737 595	(1 684 950)	52 645
1 132 331	(849 248)	283 083
2 354 319	(1 375 011)	979 308
5 250 323	(3 935 342)	1 314 981

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary

(Electricity, Water, Refuse and Sewerage): Ageing

Current (0-30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121-365 Days

+ 365 Days

Total

2013 R	2012 R
-	(55)
-	-
-	-
-	-
-	0
-	26 132
-	26 078

Housing Rentals & Rental Agreements: Ageing

Current (0-30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121-365 Days

+ 365 Days

Total

2013 R	2012 R
-	-
589 708	131 902
56 300	53 718
57 745	46 242
2 972 777	3 231 120
22 419	23 668
3 698 950	3 486 650

Councillors' Arrears: Ageing

Current (0-30 days)

31 - 60 Days

61 - 90 Days

91 - 120 Days

121-365 Days

+ 365 Days

Total

2013 R	2012 R
-	-
-	-
-	-
760 992	-
1 822 403	1 132 331
-	-
2 583 395	1 132 331

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013 TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS (Continued)

18		2013 R	2012 R
	Ambulance and Fire Fighting Fees-Ageing		
	Current (0-30 days)	(650)	(650)
	31 - 60 Days	363 672	-
	61 - 90 Days	170 409	-
	91 - 120 Days	-	-
	121-365 Days	2 315 571	1 495 330
	+ 365 Days	240 481	242 914
	Total	3 089 483	1 737 595

The summary of Debtors by Customer Classification includes Sundry Debtors (Continued Members) separately disclosed in Note 19.

Reconciliation of the bad debt provision

Balance at the beginning of the year	20 314 566	32 726 953
Contributions to provision: Exchange Receivables	1 523 816	73 655
Contributions to provision: Non-exchange Receivables	519 066	306 558
Bad debts written off against provision	(14 335 975)	(12 792 599)
Reversal of provision	-	-
Balance at end of year	8 021 473	20 314 567

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

19 OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS

As at 30 June 2013

	Gross Balances	Provision for Bad Debts	Net Balances
Recoverable Debtor: JP Zeelie	463 059	(463 059)	-
Government subsidies: Department of Transport - Roads	-	-	-
Recoverable Debtor: C Africa	-	-	-
Recoverable Debtor: DMA	449 116	-	449 116
Sundry debtors	3 560 794	(1 349 038)	2 211 756
Continued Members	373 977	(226 039)	147 938
Roads - Sundry debtors	357 014	-	357 014
Councillors Transport Allowance	5 233	-	5 233
Regional Services levies	-	-	-
Advances to Agencies	-	-	-
Total Other Debtors	5 209 193	(2 038 136)	3 171 057

As at 30 June 2012

	Gross Balances	Provision for Bad Debts	Net Balances
Taxes - Rates	19 252	(19 261)	(9)
Recoverable Debtor: JP Zeelie	463 059	(463 059)	-
Government subsidies: Department of Transport - Roads	-	-	-
Recoverable Debtor: C Africa	34 709	-	34 709
Recoverable Debtor: World Golf Challenge	300 000	-	300 000
Balance previously reported	-		
Correction of error - Note 29.5: Correction of Recoverable Debtor World Golf Challenge	300 000		
Recoverable Debtor: DMA	303 638	-	303 638
Balance previously reported	-		
Correction of error - Note 29.5: Correction of Recoverable Debtor DMA	303 638		
Sundry debtors	2 564 813	(1 579 060)	985 753
Balance previously reported	3 069 098		
Correction of error - Note 29.5: Ex-Gratia Medical Scheme	(438 350)		
Correction of error - Note 29.5: Funeral Insurance	(4 559)		
Correction of error - Note 29.5: Correction of Compensation Commissioner	(9 516)		
Correction of error - Note 29.5: Correction of Incorrect Journal	(51 860)		
Roads - Sundry debtors	305 596	-	305 596
Balance previously reported	348 969		
Correction of error - Note 29.5: Correction of Large Medical Aid Claims	(43 373)		
Councillors Transport Allowance	42 428	-	42 428
Regional Services levies	14 317 845	(14 317 845)	-
Advances to Agencies	-	-	-
Total Other Debtors	18 351 340	(16 379 225)	1 972 115

The provision for doubtful debts on other debtors exists due to the possibility that not all debts will be recovered.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

19 OTHER RECEIVABLES FROM NON EXCHANGE TRANSACTIONS (Continued)

Rates-Ageing

Current (0-30 days)
31 - 60 Days
61 - 90 Days
91 - 120 Days
121-365 Days
+ 365 Days

Total

2013 R	2012 R
-	-
-	-
-	-
-	-
-	349
-	18 903
-	19 252

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

The fair value of other receivables approximate their carrying value.

The provision for doubtful debts on other debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

20 CASH AND CASH EQUIVALENTS

Liabilities

Roads - Bank Account

Assets

Call Investment Deposits
Roads - Bank Account
Roads - Cash
Cash
Primary Bank Account
Standard Bank Account

Total Cash and Cash Equivalents - Assets

The effective interest rate was 5.03% (2012: 5.48%).

The Municipality has the following bank accounts:-

2013 R	2012 R
-	-
1 104	1 121
26 179 997	14 494 484
-	-
21 365	21 690
35 254	28 250 113
52 700 469	5 210
78 938 189	42 772 618

Call Investment Deposits

Included in other deposits and bank balances are an amount of R 5 962 305 (2012: R 7 883 177) which is attributable to unspent grants and subsidies; and R 7 390 546 (2012: R 7 390 546) which is attributable to the Capital Replacement reserve and R 56 426 (2012: R 56 426) which is attributable to the Housing Development Fund and R 1 743 662 (2012: R 2 512 940) which is to repay long-term liabilities as set out in note 3.

Current Account (Primary Bank Account)

ABSA George Branch
Account Number 4050434930

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

28 250 113	14 677 173
35 254	28 250 113
28 524 846	16 198 613
35 254	28 524 846

Current Account (Standard Bank Account)

Standard Bank George Branch
Account Number 06 083 263 0

Cash book balance at beginning of year

Cash book balance at end of year

Bank statement balance at beginning of year

Bank statement balance at end of year

Cash

5 210	-
52 700 469	5 210
5 210	-
52 883 296	5 210
21 365	21 690

21 GOVERNMENT GRANTS AND SUBSIDIES

Unconditional

Equitable Share

Conditional

Grants and Donations
Subsidies

Total Government Grants and Subsidies

Government Grants and Subsidies - Operating
Government Grants and Subsidies - Capital

Total Government Grants and Subsidies

2013 R	2012 R
125 699 000	122 912 000
129 454 561	126 393 881
129 454 561	126 393 881
-	-
255 153 561	249 305 881
255 143 043	249 305 881
10 518	-
255 153 561	249 305 881

21.1 **Equitable Share**

Opening balance
Grants received
VAT on Grants
Conditions met - Operating
Conditions met - Capital
Conditions still to be met

-	-
125 699 000	122 912 000
-	-
(125 699 000)	(122 912 000)
-	-
-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21 GOVERNMENT GRANTS AND SUBSIDIES (Continued)	2013 R	2012 R
21.2 <u>Municipal Systems Improvement Grant (MSIG)</u>		
Opening balance	328 747	10 147
Grants received	1 000 000	790 000
VAT on Grants	(76 124)	(34 681)
Repaid to National Revenue Fund	-	(189 000)
Conditions met - Operating	(1 348 849)	(247 719)
Conditions met - Capital	(10 518)	-
Conditions still to be met	(106 744)	328 747
The Financial Management Grant is paid by National Treasury to municipalities to help implement the financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The FMG Grant also pays for the cost of the Financial Management Internship Programme (e.g. salary costs of the Financial Management Interns).		
21.3 <u>Local Government Financial Management Grant (FMG)</u>		
Opening balance	330 174	(245 738)
Grants received	1 250 000	1 250 000
VAT on Grants	(138 455)	(2 358)
Conditions met - Operating	(1 429 446)	(671 730)
Conditions met - Capital	-	-
Conditions still to be met	12 274	330 174
The Municipal Systems Improvement Grant was used for building in-house capacity to perform municipal functions and stabilise institutional and governance systems.		
21.4 <u>Electricity Demand Side Management</u>		
Opening balance	5 399 984	7 490 210
Grants received	-	-
VAT on Grants	-	(39 387)
Repaid to National Revenue Fund	-	(1 572 000)
Conditions met - Operating	-	(478 838)
Conditions met - Capital	-	-
Conditions still to be met	5 399 984	5 399 984
Grant utilised for energy efficiency investigation within the region.		
21.5 <u>Dpt Land Affairs: District Assessment Committee</u>		
Opening balance	49 343	49 893
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	(550)
Conditions met - Capital	-	-
Conditions still to be met	49 343	49 343
Grant utilised to asses the land affairs within the region.		
21.6 <u>Donation Funds National Water</u>		
Opening balance	41 700	41 700
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	41 700	41 700
Grant utilised to investigate the district's water plans.		
21.7 <u>Socio Economic Survey Sanitation Practices</u>		
Opening balance	-	(161 950)
Correction of Error	-	161 950
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant utilised for training of disadvantaged individuals on good sanitation practices.		
21.8 <u>Housing Consumer Education Fund</u>		
Opening balance	32 167	32 167
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	32 167	32 167
The Housing Consuming Education Grant was used for public awareness programs.		
21.9 <u>LGESTA:Re-imbursements</u>		
Opening balance	688 150	272 953
Grants received	485 654	415 197
VAT on Grants	(5 392)	-
Conditions met - Operating	(40 311)	-
Conditions met - Capital	-	-
Conditions still to be met	1 128 101	688 150
Grant is utilised for training purposes of municipal staff.		

EDEN DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013
21 GOVERNMENT GRANTS AND SUBSIDIES (Continued)

	2013 R	2012 R
21.10 <u>LGSETA: LED Learnership</u>		
Opening balance	9 164	30 654
Grants received	-	-
VAT on Grants	-	(1 795)
Conditions met - Operating	-	(19 695)
Conditions met - Capital	-	-
	9 164	9 164
Conditions still to be met		
Grant is utilised for training purposes of municipal staff.		
21.11 <u>GLOBAL FUND</u>		
Opening balance	84 000	(26 179)
Correction of Error	-	84 000
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	(57 821)
Conditions met - Capital	-	-
	84 000	(0)
Conditions still to be met		
Grant utilised for socio economic upliftment.		
21.12 <u>Human Rights Programme</u>		
Opening balance	53 797	53 797
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
	53 797	53 797
Conditions still to be met		
Grant utilised for the promotion of human rights within the region.		
21.13 <u>Sports Grounds: Haarlem</u>		
Opening balance	18 178	18 178
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	(9 500)	-
Conditions met - Capital	-	-
	8 678	18 178
Conditions still to be met		
Grant utilised for purchase of sports grounds in Haarlem.		
21.14 <u>Libraries Grant - Facilities</u>		
Opening balance	77 506	85 817
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	(8 311)
Conditions met - Capital	-	-
	77 506	77 506
Conditions still to be met		
The grant was used for appointment of library staff.		
21.15 <u>Non-Motorised Transport</u>		
Opening balance	18 107	94 915
Grants received	-	-
VAT on Grants	-	(9 433)
Conditions met - Operating	(15 666)	(67 375)
Conditions met - Capital	-	-
	2 442	18 107
Conditions still to be met		
Grant utilised of building sub-roads for bicycles and pedestrians.		
21.16 <u>Bucket system Elimination Schools/Clinic</u>		
Opening balance	132 794	146 332
Grants received	-	-
VAT on Grants	(584)	(602)
Conditions met - Operating	(3 793)	(12 936)
Conditions met - Capital	-	-
	128 417	132 794
Conditions still to be met		
Grant utilised for replacing bucket system with VIP toilets.		
21.17 <u>WC079: Regional Landfill Site</u>		
Opening balance	17 865	75 014
Grants received	-	-
VAT on Grants	(2 194)	(7 018)
Conditions met - Operating	(15 671)	(50 131)
Conditions met - Capital	-	-
	0	17 865
Conditions still to be met		
Grant utilised for the investigations into the possibility of a regional landfill site.		

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

	2013 R	2012 R
21.18 <u>LG: Bulk Water and Waste Water infrastructure.</u>		
Opening balance	62 850	62 850
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
	62 850	62 850
Conditions still to be met		
Grant utilised for bulk infrastructure investigations.		
21.19 <u>Expanded Public Works Incentives</u>		
Opening balance	65 294	69 000
Grants received	1 000 000	-
VAT on Grants	(11 908)	(455)
Conditions met - Operating	(1 136 965)	(3 251)
Conditions met - Capital	-	-
	(83 579)	65 294
Conditions still to be met		
The grant is utilised for job creation.		
21.20 <u>Umsobomvu Youth Fund</u>		
Opening balance	-	41 003
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	(41 003)
Conditions met - Capital	-	-
	-	-
Conditions still to be met		
Grant utilised for training of the youth and the establishment of a youth office.		
21.21 <u>Financial Assistance Aerial Fire fighting</u>		
Opening balance	(0)	276 750
Grants received	-	-
VAT on Grants	-	(33 531)
Conditions met - Operating	-	(243 220)
Conditions met - Capital	-	-
	(0)	(0)
Conditions still to be met		
Grant utilised for funding the helicopter used for fire fighting.		
21.22 <u>Task Contributions - Municipalities</u>		
Opening balance	100 830	155 635
Grants received	127 678	219 071
VAT on Grants	(6 188)	(7 193)
Conditions met - Operating	(272 568)	(266 683)
Conditions met - Capital	-	-
	(50 247)	100 830
Conditions still to be met		
Grant utilised for the funding of the TASK unit.		
21.23 <u>WFW: Brandwacht 2010/11</u>		
Opening balance	(0)	-
Grants received	1 488 160	401 305
VAT on Grants	(83 534)	(24 443)
Conditions met - Operating	(1 404 627)	(376 862)
Conditions met - Capital	-	-
Transfer to Unspent WFW - Note 22.29	-	0
	0	-
Conditions still to be met		
Grant utilised for the eradication of alien vegetation.		
21.24 <u>WFW: Great - Brak 2010/11</u>		
Opening balance	(0)	-
Grants received	1 352 485	527 300
VAT on Grants	(114 098)	(20 621)
Conditions met - Operating	(1 238 387)	(506 679)
Conditions met - Capital	-	-
Transfer to Unspent WFW - Note 22.29	-	-
	-	-
Conditions still to be met		
Grant utilised for the eradication of alien vegetation.		
21.25 <u>WFW: Uniondale 2010/11</u>		
Opening balance	0	-
Grants received	-	47 130
VAT on Grants	-	(957)
Conditions met - Operating	-	(46 173)
Conditions met - Capital	-	-
Transfer to Unspent WFW - Note 22.29	-	(0)
	0	-
Conditions still to be met		
Grant utilised for the eradication of alien vegetation.		

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2013 R	2012 R
21.26	<u>WFW: Karatara 2010/11</u>		
	Opening balance	0	-
	Grants received	765 217	1 379 919
	VAT on Grants	(31)	(6 533)
	Conditions met - Operating	(765 186)	(1 373 386)
	Conditions met - Capital	-	-
	Transfer to Unspent WFW - Note 22.29	-	-
	Conditions still to be met	-	-
	Grant utilised for the eradication of alien vegetation.		
21.27	<u>WFW: Knysna 2010/11</u>		
	Opening balance	0	-
	Grants received	376 669	543 355
	VAT on Grants	(8 408)	(5 446)
	Conditions met - Operating	(368 261)	(537 909)
	Conditions met - Capital	-	-
	Transfer to Unspent WFW - Note 22.29	-	(0)
	Conditions still to be met	-	-
	Grant utilised for the eradication of alien vegetation.		
21.28	<u>WFW: Moordkuyl 2010/11</u>		
	Opening balance	-	-
	Grants received	1 219 057	427 714
	VAT on Grants	(51 837)	(17 285)
	Conditions met - Operating	(1 167 219)	(410 429)
	Conditions met - Capital	-	-
	Transfer to Unspent WFW - Note 22.29	-	-
	Conditions still to be met	0	-
	Grant utilised for the eradication of alien vegetation.		
21.29	<u>WFW - (Unspent & PM fees)</u>		
	Opening balance	-	(324 722)
	Grants received	-	324 722
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Transfer from other WFW grants	-	0
	Conditions still to be met	-	0
	Grant utilised for the eradication of alien vegetation.		
21.30	<u>Development of Sport & Recreation</u>		
	Opening balance	(1)	(46 931)
	Correction of error	-	46 930
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	(1)	(1)
	Grant utilised for the development of sport & recreation.		
21.31	<u>Kannaland</u>		
	Opening balance	-	-
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	-	-
	Grant utilised for infrastructure projects in Kannaland.		
21.32	<u>Emergency Housing DMA</u>		
	Opening balance	564 956	-
	Correction of error	-	282 478
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	564 956	282 478
	Grant was utilised to repair flood damage.		
21.33	<u>Emergency Housing Zoar</u>		
	Opening balance	348 097	-
	Correction of error	-	174 048
	Grants received	-	-
	VAT on Grants	-	-
	Conditions met - Operating	-	-
	Conditions met - Capital	-	-
	Conditions still to be met	348 097	174 048
	Grant was utilised to repair flood damage.		

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)	2013 R	2012 R
21.34 ROADS - DEPARTMENT OF TRANSPORT		
Opening balance	-	-
Grants received	117 060 607	120 761 442
VAT on Grants	-	-
Conditions met - Operating	(117 060 607)	(120 761 442)
Conditions met - Capital	-	-
Conditions still to be met	-	-
Grant is utilised to fund the roads function operated on behalf of the Department of transport.		
21.35 Municipal Infrastructure Grant		
Opening balance	-	-
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
The Municipal Infrastructure Grant was used to upgrade infrastructure in previously disadvantaged areas.		
21.36 Integrated Human Settlement Grant		
Opening balance	-	-
Grants received	-	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	-	-
21.37 WC FMG: Longterm financial plan		
Opening balance	-	-
Grants received	250 000	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	250 000	-
21.38 WC FMG: Risk Assessment		
Opening balance	-	-
Grants received	300 000	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	300 000	-
21.39 DWA: Abstraction Validation on Bitou		
Opening balance	-	-
Grants received	35 589	-
VAT on Grants	-	-
Conditions met - Operating	-	-
Conditions met - Capital	-	-
Conditions still to be met	35 589	-
21.40 DWAF: Chemical Water Sampling		
Opening balance	-	-
Grants received	306 286	-
VAT on Grants	(40 684)	-
Conditions met - Operating	(272 850)	-
Conditions met - Capital	-	-
Conditions still to be met	(7 248)	-
21.41 RBIG & DBSA: Bulk Water Studies		
Opening balance	-	-
Grants received	545 065	-
VAT on Grants	(66 938)	-
Conditions met - Operating	(580 727)	-
Conditions met - Capital	-	-
Conditions still to be met	(102 600)	-
21.42 STUDY: Implementation alternative Solid Waste (NT)		
Opening balance	-	-
Grants received	-	-
VAT on Grants	(51 525)	-
Conditions met - Operating	(316 511)	-
Conditions met - Capital	-	-
Conditions still to be met	(368 036)	-
21.43 STUDY: Implementation alternative Solid Waste (DBSA)		
Opening balance	-	-
Grants received	-	-
VAT on Grants	(187 460)	-
Conditions met - Operating	(1 151 540)	-
Conditions met - Capital	-	-
Conditions still to be met	(1 339 000)	-

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

21 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

21.44 TOTAL GRANTS

	2013 R	2012 R
Opening balance	7 883 178	8 201 496
Correction of Error	-	749 407
Repaid to National Revenue Fund	-	(1 761 000)
Grants received	253 261 467	249 999 156
VAT on Grants	(845 360)	(211 737)
Conditions met - Operating	(254 297 684)	(249 094 144)
Conditions met - Capital	(10 518)	-
Conditions still to be met	5 991 083	7 883 178

See Annexure B for detailed summary of unspent grants and subsidies.

24.1 Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act, (Act 1 of 2005), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years, except for the equitable share allocation which will increase as a result of the abolishment of the RSC Levies.

22 OTHER INCOME

	2013 R	2012 R
Air quality plan	280 000	-
Building Application Fees	-	-
Call Centre Mosselbay	545 778	394 184
Commission on Collections	-	(573 021)
COP 17 Summit	-	32 800
Corporate Golf Challenge Project	-	300 000
Previously reported		-
Correction of error - Note 29.5: Correction of Recoverable Debtor		300 000
DWAF: Chemical Sampling Water	-	119 714
Fire Fighting fees	4 579 145	2 630 898
Fire Fighting/ Health Levy	22 590	33 091
Harvesting Plantation	55 575	55 575
Health Claims	145 518	374 416
Insurance	-	-
Integrated waste management plan	311 742	-
IT Shared Services District	900 453	-
Plans Copies	1 327	2 499
Photostats and Faxes	54	-
Refund Deposits	7 120	-
Resorts	4 861 360	4 511 115
Sport Club Fees	23 860	35 440
Sundry Income	2 192 251	389 770
Tariffs And Penalties: Health	130 635	131 181
Total Other Income	14 057 408	8 437 662

23 EMPLOYEE RELATED COSTS

	2013 R	2012 R
Employee related costs- Salaries and Wages	55 225 451	55 281 853
Employee related costs - Contribution for UIF, pensions and medical aids	17 366 726	17 505 987
Previously reported		16 551 016
Correction of error - Note 29.7		954 971
Travel, motor car, accommodation, subsistence and other allowances	8 869 150	9 562 917
Housing benefits and allowances	604 247	623 518
Overtime payments	1 056 761	1 082 756
Performance bonus	(326 567)	-
Leave Payment	922 152	782 929
Leave Bonus	3 794 391	4 135 828
Increase in Provision for Health Care Benefits	3 352 372	3 286 791
Increase in Provision for Long Service Awards	699 777	732 879
Decrease in Provision for Ex-Gratia Pensions	(101 202)	(71 017)
Long-service awards	-	-
Total Employee Related Costs	91 463 258	92 924 441

Advances were made to employees. Loans to employees are set out in note 16

REMUNERATION OF KEY MANAGEMENT PERSONNEL

Remuneration of the Municipal Manager (G Louw)

	2013 R 12 Months	2012 R 12 Months
Annual Remuneration	956 755	864 568
Performance Bonuses	-	-
Car Allowance	167 220	167 220
Contributions to UIF, Medical and Pension Funds	103 918	94 336
Total	1 227 893	1 126 124

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

23 EMPLOYEE RELATED COSTS (Continued)

EMPLOYEE RELATED COSTS (Continued)	2013 R	2012 R		
Remuneration of the Chief Finance Officer: N Delo		2 Months		
Annual Remuneration		141 719		
Leave pay-out		49 019		
Performance Bonuses		-		
Car Allowance		12 970		
Contributions to UIF, Medical and Pension Funds		4 089		
Total		207 797		
Remuneration of the Acting Chief Finance Officer: L Hoek	6 Months	10 Months		
Annual Remuneration	327 636	485 708		
Performance Bonuses	-	-		
Car Allowance	57 204	95 340		
Contributions to UIF, Medical and Pension Funds	57 522	52 419		
Total	442 361	633 467		
Remuneration of the Chief Finance Officer: L Hoek	6 Months			
Annual Remuneration	271 917			
Leave pay-out				
Performance Bonuses				
Car Allowance	64 831			
Contributions to UIF, Medical and Pension Funds	76 958			
Total	413 706			
Remuneration of Individual Executive Directors (Support & Management Services) 30 June 2013	6 Months Support Services (B Holtshauzen)	12 Months Management Services (C Africa)		
Annual Remuneration	303 512	696 742		
Leave Paid	-	-		
Performance Bonuses	-	-		
Housing Allowance	1 434	84 000		
Car Allowance	53 069	72 600		
Contributions to UIF, Medical and Pension Funds	54 352	147 725		
Severance Package	-	-		
Total	412 367	1 001 068		
Remuneration of Individual Executive Directors (Corporate, Community & Technical Services) 30 June 2012	2 Months Strategic Services (M Hoogbaard)	7 Months Technical Services (Z Ntile)	12 Months Corporate Services (A De Beer)	12 Months Community Services (C Africa)
Annual Remuneration	101 545	479 968	788 067	662 896
Leave Paid	-	39 137	-	-
Performance Bonuses	-	-	-	-
Housing Allowance	-	-	-	84 000
Car Allowance	25 000	70 365	139 200	72 600
Contributions to UIF, Medical and Pension Funds	23 715	902	22 761	136 428
Severance Package	138 000	-	-	-
Total	288 260	590 372	950 029	955 924
Remuneration of Individual Acting Executive Directors (Support & Management Services) 30 June 2013				6 Months Support Services (B Holtzhausen)
Annual Remuneration				336 110
Leave Paid				-
Performance Bonuses				-
Housing Allowance				3 132
Car Allowance				57 204
Contributions to UIF, Medical and Pension Funds				52 047
Total				448 493
Remuneration of Individual Acting Executive Directors (Corporate, Community & Technical Services) 30 June 2012			Strategic Services	Technical Services
J Strydom (1 Feb 2012 - 30 April 2012)			-	200 066
H Ottervanger (1 May 2012 - 30 June 2012)			-	153 230
AL Sauls (1 Sep 2011 - 31 Mar 2012)			349 343	-
Total			349 343	353 296

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

24 REMUNERATION OF COUNCILLORS

2013	2012
R	R
362 194	378 594
244 533	223 480
302 818	310 085
2 256 540	2 354 114
2 175 999	1 939 943
104 580	93 467
972 925	777 416
252 693	225 005
75 061	24 824
6 747 343	6 326 928

Total Councillor's Remuneration

In-Kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at Council's cost.

The Executive Mayor has use of a Council owned vehicle for official duties.

25 FINANCE CHARGES

2013	2012
R	R
283 571	401 852
2 138	-
-	-
285 709	401 852

Total Interest on External Borrowings

26 GRANTS AND SUBSIDIES UTILISED

-	88
1 348 849	247 719
-	550
1 429 446	671 730
-	19 695
40 311	-
9 500	-
-	57 821
-	8 311
15 666	67 375
3 793	12 936
15 671	50 131
1 136 965	3 251
-	41 003
-	243 220
272 568	266 683
1 404 627	376 862
1 238 387	506 679
-	46 173
765 186	1 373 386
368 261	537 909
1 167 219	410 429
-	-
272 850	-
580 727	-
316 511	-
1 151 540	-
-	478 838
11 538 077	5 420 789

27 ROADS - GRANTS AND SUBSIDIES UTILISED

51 068 849	50 861 967
	50 338 011
	(4 622)
	528 578
-	9 332 896
58 314 700	59 837 835
-	-
7 240 485	12 581
	536 537
	(523 956)
436 573	716 163
117 060 607	120 761 442

Employee Related Cost

Balance Previously Reported
Correction of Error - Adjustment to large medical aid claims - Note 29.5
Correction of Error - Adjustment to medical aid contributions - Note 29.5

Plant Hire

General Expenses

Repairs and Maintenance

Appropriations for the year

Balance Previously Reported
Correction of Error - Adjustment due to corrections to employee related costs

Contributions to Capital

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

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EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

29 CORRECTION OF ERROR IN TERMS OF GRAP 3

During the current financial year, the municipality had corrected the following prior period errors:

29.1 Property Plant and Equipment

Balance previously reported - 30 June

Correction of assets with values previously disposed now found - Note 29.7
 Correction of assets without values previously disposed now found - Note 29.6
 Correction of assets previously impaired now found - Note 29.7
 Correction of opening balances with differences to asset register - Note 29.6
 Correction of assets previously held for sale not transferred - Note 29.7
 Correction of assets identified for the first time - Note 29.6
 Correction of assets with zero cost prices - Note 29.6

Restated Balance

Property Plant and Equipment

Balance previously reported - 30 June

Correction of incorrect depreciation calculations - Note 29.6 & 29.7
 Correction of assets with values previously disposed now found - Note 29.6 & 29.7
 Correction of assets without values previously disposed now found - Note 29.6 & 29.7
 Correction of Assets with zero carrying values - 29.6 & 29.7
 Correction of assets previously impaired now found - Note 29.6 & 29.7
 Correction of opening balances with differences to asset register - Note 29.6
 Correction of assets previously held for sale not transferred - Note 29.6 & 29.7
 Correction of assets identified for the first time - Note 29.6 & 29.7
 Correction of assets with zero cost prices - Note 29.6 & 29.7

Restated Balance

29.2 Investment Property

Balance previously reported - 30 June

Correction of opening balances with differences to asset register - 29.7

Restated Balance

29 CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)

Investment Property

Balance previously reported - 30 June

Correction of incorrect depreciation calculations - Note 29.6 & 29.7

Restated Balance

29.3 Intangible Assets

Balance previously reported - 30 June

Correction of opening balances with differences to asset register - 29.7

Restated Balance

Intangible Assets

Balance previously reported - 30 June

Correction of Assets with zero carrying values - 29.6 & 29.7
 Correction of incorrect amortisation calculations - Note 29.6 & 29.7
 Correction of opening balances with differences to asset register - 29.6

Restated Balance

2012	2011
Cost	Cost
R	R
191 368 586	203 459 564
226 597	-
70 394	70 394
235 770	-
716	716
5 832	-
1 755 716	1 755 716
940 254	940 254
194 603 865	206 226 644
2012	2011
Accumulated	Accumulated
Depreciation	Depreciation
R	R
26 474 770	24 351 742
35 677	(23 293)
138 377	(68 675)
43 801	35 031
(772 672)	(962 345)
133 704	(35 347)
(6 481)	(6 481)
3 644	(418)
808 142	646 363
521 071	392 582
27 380 033	24 329 159
2012	2011
Cost	Cost
R	R
351 501 900	358 132 600
-	-
351 501 900	358 132 600
2012	2011
Accumulated	Accumulated
Depreciation	Depreciation
R	R
4 373 170	4 105 694
(300)	1 260
4 372 870	4 106 954
2012	2011
R	R
Cost	Cost
5 735 543	5 702 946
-	-
5 735 543	5 702 946
2012	2011
Accumulated	Accumulated
Amortisation	Amortisation
R	R
3 070 557	1 903 619
(153 040)	(191 300)
625	(2 684)
11 565	11 565
2 929 707	1 721 200

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

29.4 Payables from exchange transactions

Balance previously reported - 30 June

	2012 R	2011 R
Balance previously reported - 30 June	25 765 139	29 759 180
Correction of error regarding output VAT on Roads Agency Fees not paid over to SARS for the period 1 July 2011 to 30 June 2012 - Note 29.7	2 980 595	-
Correction of Department of Transport Loan Account in the period prior year - Note 29.5	(43 373)	4 622
Correction of Department of Transport Loan Account in the period prior year	528 578	-
Correction of Roads medical aid contributions in the period prior year 2011/2012	(528 578)	-
Correction of large medical claims in the period prior 1 July 2011 - Note 29.6	(2 560)	(2 560)
Correction of large medical claims in the period prior year 2011/2012 - Note 29.7	(2 950)	-
Correction of medical aid contributions in the period prior 1 July 2011 - Note 29.6	(3 734)	(3 734)
Correction of medical aid contributions in the period prior year 2011/2012 - Note 29.7	(328 521)	-
Correction of municipal creditors in the period prior 1 July 2011 - Note 29.6	239 632	239 632
Correction of municipal creditors in the period prior year 2011/2012 - Note 29.7	281 656	-
Correction of error regarding output VAT on Roads Agency Fees not paid over to SARS for the period prior 1 July 2011 - Note 29.6	1 360 088	1 360 088
Correction of error regarding Compensation Commissioner monies outstanding - Note 29.6 & 29.7	3 786 508	2 931 354
Correction of error regarding payments made to SARS for outstanding PAYE amounts for the period prior 1 July 2011 - Note 29.6	7 265	7 265
Correction of error regarding previous Councillors remunerated incorrectly for the period prior 1 July 2011 - Note 29.6	15 367	15 367
Correction of error regarding Compensation Commissioner monies outstanding - Note 29.5	(9 516)	(9 516)
Correction of Insurance paid for the period 1 April 2012 - 30 June 2012 - Note 29.7	146 579	-

Restated Balance

34 192 174 **34 301 697**

29.5 Other Receivables from Non-Exchange Transactions

Balance previously reported - 30 June

	R 2012	R 2011
Balance previously reported - 30 June	1 916 135	7 460 855
Correction of the Recoverable Debtor: DMA incorrectly transferred to the Loss from Discontinued Operations in the financial year ending 30 June 2012 - Note 29.6 & 29.7	303 638	-
Correction of large medical claims in the period prior year - Note 29.4	(43 373)	4 622
Correction of ex-gratia medical aid amounts in the period prior 1 July 2011 - Note 29.6	(7 752)	(7 752)
Correction of ex-gratia medical aid amounts in the period prior year 2011/2012 - Note 29.7	(430 598)	-
Correction of medical aid scheme amounts in the period prior 1 July 2011 - Note 29.6	(3 869)	(3 869)
Correction of medical aid scheme amounts in the period prior year 2011/2012 - Note 29.7	(690)	-
Correction of a journal incorrectly allocated to the Insurance Suspense Account in the period prior 1 July 2011 - Note 29.6	(51 860)	(51 860)
Correction of Recoverable Debtor: World Golf Challenge not reflected on the annual financial statements for the period ending June 2012 - Note 29.7	300 000	-
Correction of error regarding Compensation Commissioner monies outstanding - Note 29.4	(9 516)	(9 516)

Restated Balance

1 972 116 **7 392 481**

29.6 Accumulated Surplus/(Deficit)

	R
Correction of error regarding output VAT on Roads Agency Fees not paid over to SARS for the period prior 1 July 2011 - Note 29.4	(1 360 088)
Correction of error regarding payments made to SARS for outstanding PAYE amounts for the period prior 1 July 2011 - Note 29.4	(7 265)
Correction of error regarding previous Councillors remunerated incorrectly for the period prior 1 July 2011 - Note 29.4	(15 367)
Correction of large medical claims in the period prior 1 July 2011 - Note 29.4	2 560
Correction of medical aid contributions in the period prior 1 July 2011 - Note 29.4	3 734
Correction of ex-gratia medical aid amounts in the period prior 1 July 2011 - Note 29.5	(7 752)
Correction of medical aid scheme amounts in the period prior 1 July 2011 - Note 29.5	(3 869)
Correction of municipal creditors in the period prior 1 July 2011 - Note 29.4	(239 632)
Correction of a journal incorrectly allocated to the Insurance Suspense Account in the period prior 1 July 2011 - Note 29.5	(51 860)
Correction of assets without values previously disposed now found - Note 29.1	35 362
Correction of opening balances with differences to asset register - Note 29.1	7 196
Correction of assets identified for the first time - Note 29.1	1 109 353
Correction of assets with zero cost prices - Note 29.1	547 672
Correction of incorrect depreciation calculation - Note 29.1	23 293
Correction of assets with values previously disposed now found - Note 29.1	68 675
Correction of assets with zero carrying value - Note 29.1	962 345
Correction of assets previously impaired now found - Note 29.1	35 347
Correction of assets previously Held for Sale not transferred - Note 29.1	418
Correction of incorrect depreciation calculation - Note 29.2	(1 260)
Correction of assets with zero carrying value - Note 29.3	191 300
Correction of incorrect amortisation calculation - Note 29.3	2 684
Correction of opening balances with differences to asset register - Note 29.3	(11 565)
Correction of error regarding Compensation Commissioner monies outstanding - Note 29.4	(2 931 354)

Total amount credited/(debited) to accumulated surplus due to implementation of GRAP

(1 640 071)

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

29 CORRECTION OF ERROR IN TERMS OF GRAP 3 (Continued)

29.7 Changes to Statement of Financial Performance

	R
Correction of error regarding output VAT on Roads Agency Fees not paid over to SARS for the period 1 July 2011 to 30 June 2012 - Note 29.4	(2 980 595)
Correction of the Recoverable Debtor: DMA incorrectly transferred to the Loss from Discontinued Operations in the financial year ending 30 June 2012 - Note 29.5	303 638
Correction of Insurance paid for the period 1 April 2012 - 30 June 2012 - Note 29.4	(146 579)
Correction of Recoverable Debtor: World Golf Challenge not reflected on the annual financial statements for the period ending June 2012 - Note 29.5	300 000
Correction of assets without values previously disposed now found - Note 29.1	(8 770)
Correction of opening balances with differences to asset register - Note 29.1	-
Correction of large medical claims in the period prior year 2011/2012 - Note 29.4	2 950
Correction of medical aid contributions in the period prior year 2011/2012 - Note 29.4	328 521
Correction of ex-gratia medical aid amounts in the period prior year 2011/2012 - Note 29.5	(430 598)
Correction of medical aid scheme amounts in the period prior year 2011/2012 - Note 29.7	(690)
Correction of assets identified for the first time - Note 29.1	(161 779)
Correction of assets with zero cost prices - Note 29.1	(128 489)
Correction of incorrect depreciation calculation - Note 29.1	(58 970)
Correction of assets with values previously disposed now found - Note 29.1	19 545
Correction of assets with zero carrying value - Note 29.1	(189 673)
Correction of assets previously impaired now found - Note 29.1	66 719
Correction of assets previously Held for Sale not transferred - Note 29.1	1 770
Correction of incorrect depreciation calculation - Note 29.2	1 560
Correction of assets with zero carrying value - Note 29.3	(38 260)
Correction of incorrect amortisation calculation - Note 29.3	(3 309)
Correction of opening balances with differences to asset register - Note 29.3	-
Correction of municipal creditors in the period prior 2011/2012 - Note 29.4	(281 656)
Correction of error regarding Compensation Commissioner monies outstanding - Note 29.4	(855 154)
Total amount credited/(debited) to Statement of Financial Performance due to implementation of GRAP	(4 259 818)

30 CASH GENERATED FROM OPERATIONS

	2013 R	2012 R
(Deficit) for the year from Continued Operations	14 666 713	(102 467 129)
Surplus (Deficit) for the year from Discontinued Operations	-	-
Adjustments for: -		
Loss on transfer of District Management Area	-	99 401 272
Unamortised Discount - Expense	98 040	112 654
Unamortised Discount - Income	(5 894)	(17 911)
Depreciation	4 656 641	7 057 247
Amortisation	486 950	1 090 207
Grants received	253 261 467	249 999 156
Grants Repaid to National Revenue Fund	-	(1 761 000)
Grants recognised as revenue	(255 153 562)	(249 305 881)
Insurance Proceeds	-	-
Gain on disposal of property, plant and equipment	(133 542)	-
Contributed PPE	(294 102)	-
Loss on disposal of property, plant and equipment	391 063	156 413
Impairments	-	2 166 809
Contribution to Non-Current Provisions	236 458	550 467
Actuarial (Gain)/Loss	2 780 986	5 274 458
Employee benefits paid	(4 863 925)	(5 056 743)
Contribution to employee benefits	11 056 603	11 013 908
Bad debts written-off	(14 335 975)	(12 792 599)
Contribution to bad debt provision	2 042 882	380 212
Current employee benefits paid	(7 282 681)	(5 575 542)
Contribution to Current Employee Benefits	7 915 571	6 394 081
Investment income	-	-
Interest paid	-	-
Operating deficit before working capital changes	15 523 693	6 620 078
(Increase)/Decrease in inventory	(466 768)	94 033
(Increase)/Decrease in Trade Receivables from exchange transactions	(4 121 505)	11 103 933
(Increase)/Decrease in Other Receivables from non-exchange transactions	13 142 147	7 088 788
Increase/(decrease) in creditors	11 140 019	(109 523)
(Increase)/Decrease in VAT	(303 513)	3 309 987
Cash generated / (utilized in) operations	34 914 073	28 107 297

31 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following amounts in the statement of financial position:	2013 R	2012 R
Bank balances and cash	78 937 085	42 771 497
Call deposits	1 104	1 121
Bank overdraft	-	-
Total cash and cash equivalents	78 938 189	42 772 618

32 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION

	2013 R	2012 R
Long-term liabilities (see Note 3)	2 505 080	3 287 198
Used to finance property, plant and equipment - at cost	2 505 080	3 287 198
Sub-total	-	-
Cash set aside for the repayment of long-term liabilities (see note 3)	-	-
Cash invested for repayment of long-term liabilities	-	-

Long-term liabilities have been utilized accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

33 RECONCILIATION OF AVAILABLE CASH AND INVESTMENT RESOURCES

	2013 R	2012 R
Cash and Cash Equivalents - Note 20	78 938 189	42 772 618
Investments - Note 15	40 774	40 774
	<hr/> 78 978 963	<hr/> 42 813 392
Less:	8 104 963	7 939 604
Unspent Committed Conditional Grants - Note 9	8 048 537	7 883 178
VAT - Note 10	-	-
Cash Portion of Housing Development Fund - Note 2	56 426	56 426
Net cash resources available for internal distribution	<hr/> 70 874 000	<hr/> 34 873 788
Allocated to:		
Capital Replacement Reserve	(7 390 546)	(7 390 546)
Resources available for working capital requirements	<hr/> <hr/> 63 483 454	<hr/> <hr/> 27 483 242

34 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED

34.1 Unauthorised expenditure

	2013 R	2012 R
Reconciliation of unauthorised expenditure		
Opening balance	-	(32 387 139)
Unauthorised expenditure current year	12 278 357	-
Approved by Council or condoned	-	32 387 139
Transfer to receivables for recovery	-	-
Unauthorised expenditure awaiting authorisation	-	-
	<hr/> 12 278 357	<hr/> -

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Expenditure by Vote				
Executive and Council	48 278 997	36 512 155	11 766 842	32%
Finance and Administration	40 484 547	47 111 872	(6 627 325)	-14%
Planning and Development	6 727 966	7 852 807	(1 124 841)	-14%
Public Safety	23 388 322	27 671 678	(4 283 356)	-15%
Health	22 841 481	23 176 847	(335 366)	-1%
Community and Social Services	3 378 233	3 546 271	(168 038)	-5%
Sport and Recreation	7 456 638	7 088 718	367 920	5%
Housing	-	-	-	0%
Waste Management	-	-	-	0%
Road Transport	-	591 621	(591 621)	-100%
Waste Water Management	2 152 126	4 901 876	(2 749 750)	-56%
Water	66 464	2 600 000	(2 533 536)	-97%
Electricity	-	-	-	0%
Environmental Protection	3 643 411	16 496 587	(12 853 176)	-78%
Other	-	-	-	0%
Roads	-	-	-	0%
	<hr/> 158 418 185	<hr/> 177 550 432	<hr/> (19 132 247)	

	2013 R (Actual)	2013 R (Budget)	2013 R (Variance)	2013 (%)
Capital expenditure by vote				
Executive & Council	315 408	300 000	15 408	5%
Finance & Admin	26 186	-	26 186	100%
Planning & Development	800	-	800	100%
Public Safety	14 207	-	14 207	100%
Health	77 986	-	77 986	100%
Community & Social Services	-	-	-	0%
Corporate Services	213 609	340 000	(126 391)	-37%
Sport & Recreation	72 979	295 000	(222 021)	-75%
Housing	-	-	-	0%
Waste Management	9 007	-	9 007	100%
Road Transport	-	-	-	0%
Waste Water Management	-	-	-	0%
Electricity	-	-	-	0%
Water	-	-	-	0%
Environmental Protection	-	-	-	0%
	<hr/> 730 183	<hr/> 935 000	<hr/> (204 817)	

34.2 Fruitless and wasteful expenditure

	2013 R	2012 R
Reconciliation of fruitless and wasteful expenditure		
Opening balance	726 043	1 154 062
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	(404 515)
Recovered during 2010-2011	-	(23 504)
Fruitless and wasteful expenditure awaiting condonement	-	-
	<hr/> 726 043	<hr/> 726 043

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

2013 R	2012 R
132 731 738	74 031 817
7 720 685	60 822 678
-	(57 500)
-	(2 065 257)
<hr/>	<hr/>
140 452 423	132 731 738

Reconciliation of irregular expenditure

Opening balance	
Irregular expenditure current year	
Condoned or written off by Council	
Recovered during year	
Irregular expenditure awaiting condonement	

A forensic investigation conducted by KPMG identified possible irregular expenditure of R 7 566 985.48. The report was submitted to Council and the accounting officer is in process with the investigation and further steps that needs to be taken. The amount of R7 566 985.48 includes an amount of R 128 0458 which relates to a double payment made to certain employees while rendering assistance to a B-Municipality in the district.

Disciplinary steps/criminal proceedings
S Forensic
9 Investigation and
S recovery process
commenced.

35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

Opening balance
Council subscriptions
Amount paid- current year
Amount paid - previous year

Balance unpaid (included in creditors)

Opening balance
Current year audit fee
Amount paid - prior year
Amount paid - previous year

Balance unpaid (included in creditors)

VAT input receivables and VAT outputs payable are shown in note 10 & 8

All VAT returns have been submitted by the due date throughout the year.

Opening balance
Current year payroll deductions
Amount paid - current year
Amount paid - previous years

Balance unpaid (included in debtors)

Opening balance
Current year payroll deductions and Council Contributions
Amount paid - current year
Amount paid - previous years

Balance unpaid (included in debtors)

The balance represents medical aid contributions payable to the District Municipality by pensioners whose contributions were already paid to the medical aid. Invoices were issued to collect the outstanding amounts.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

35.6 Councillor's arrear accounts

31 June 2013

The following amounts are outstanding regarding travel allowances:

	Total	Outstanding less than 90 days	Outstanding more than 90 days
AM Wildeman	642 390	-	642 390
JL Hartnick	436 266	-	436 266
J Bouwer	301 071	-	301 071
JMG Bekker	251 864	-	251 864
PJ Roodtman	222 042	-	222 042
SCP Biljohn	88 876	-	88 876
HJ Loff	82 729	-	82 729
HJ Mc Combi	79 846	-	79 846
A Hartnick	66 272	-	66 272
JJA Koegelenberg	52 114	-	52 114
JE Davids	39 357	-	39 357
A Ewerts	38 311	-	38 311
J Harmse	30 420	-	30 420
CN Ngalo	24 385	-	24 385
FH Stemmet	22 633	-	22 633
B Le Roux	22 008	-	22 008
P van der Hoven	19 903	-	19 903
E Nel	13 551	-	13 551
PJW Murray	11 762	-	11 762
JST Alberts	10 761	-	10 761
AR Olivier	9 071	-	-
M Fielies	8 640	-	8 640
EKV van Eden	7 053	-	7 053
PJL Grobler	6 571	-	6 571
A Baartman	5 729	-	5 729
N Bityi	3 527	-	3 527
D Kampher	754	-	754
EN Mtabati	562	-	562
F Joseph	268	-	268
	2 498 736	-	2 489 664

The following amounts are outstanding regarding cellphone accounts:

Biljohn	18 050	-	18 050
D Kamfer	15 336	-	15 336
S Loliwe	14 718	-	14 718
Kroma	7 362	-	7 362
M Fielies	6 523	-	6 523
HJ McCombi	5 368	-	5 368
Saaiers	4 525	-	4 525
S de Vries	2 530	-	2 530
Ewerts	2 332	-	2 332
J Kemoetie	1 408	-	1 408
JH Loff	1 011	-	1 011
J Maxim	875	-	875
Dorfling	750	-	750
CN Ngalo	700	-	700
E Mtabati	622	-	622
F Stemmet	592	-	592
J Bekker	281	-	281
Simmers	1 677	1 677	-
	84 660	1 677	82 982

30 June 2012

The following amounts are outstanding regarding travel allowances:

	Total	Outstanding less than 90 days	Outstanding more than 90 days
JL Hartnick	226 757	-	226 757
P Roodtman	190 393	-	190 393
J Bouwer	181 957	-	181 957
JMG Bekker	149 187	-	149 187
A Ewerts	49 577	-	49 577
HJ Loff	44 091	-	44 091
SCP Biljohn	43 272	-	43 272
A Hartnick	34 660	-	34 660
HJ Mc Combi	31 200	-	31 200
B Le Roux	14 445	-	14 445
J Harmse	14 439	-	14 439
D Xego	10 434	-	10 434
J Maxim	9 205	-	9 205
J du Toit	7 700	-	7 700
T Nayler	7 653	-	7 653
R Skombingo	7 393	-	7 393
R Johannes	6 031	-	6 031
E Nel	5 775	-	5 775
VI van der Westhuizen	5 368	-	5 368
LBC Esau	5 204	-	5 204
M Fielies	3 075	-	3 075
PJW Murray	2 002	-	2 002
N Valentyn	1 651	-	1 651
J Harmse	803	-	803
WP Meshoa	464	-	464
F Joseph	72	-	72
	1 052 807	-	1 052 807

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

35 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (Continued)

The following amounts are outstanding regarding cellphone accounts:

Biljohn	18 050	-	18 050
D Kamfer	15 336	-	15 336
S Loliwe	14 718	-	14 718
Kroma	7 362	-	7 362
M Fielies	4 789	-	4 789
Saaiers	4 525	-	4 525
HJ McCombi	3 643	-	3 643
S de Vries	2 530	-	2 530
Ewerts	2 332	-	2 332
J Kemoetie	1 408	-	1 408
JH Loff	1 011	-	1 011
J Maxim	875	-	875
Dorfling	750	-	750
CN Ngalo	700	-	700
E Mtabati	622	-	622
F Stemmet	592	-	592
J Bekker	281	-	281
	79 523	-	79 523

35.7 Non-Compliance with Chapter 11 of the Municipal Finance Management Act

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The incidents listed hereunder have been condoned.

Non-compliance with the Supply Chain Management Regulations were identified on the following categories:

	Up to R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Community Services	1 286 463	689 516	-	-
Corporate Services	488 307	124 830	-	-
Financial Services	277 259	192 250	-	-
Office of the Municipal Manager	65 259	36 573	490 674	-
Strategical Services	497 795	62 982	-	-
Technical Services	2 922 064	586 713	-	-
	5 537 147	1 692 864	490 674	-

The major deviations were as follows:

Awarded to	Reason/Explanation	Amount
ENS Forensics (Pty) Ltd	Impractical procurement process - reasons as per deviation report	490 674
Klein Karoo Kooperasie Bpk - Fuel - Van Wyksdorp	Impractical procurement process - Logistical reasons. Van Wyksdorp far-off and not close to any other fuel stations.	192 250
NHLS Western Cape (National Health Laboratory Services)	Sole supplier - Analysis of Bacteriological Sampling. According to applicable legislation relating to Bacteriological Sampling, all three spheres of Government (Public Health Sector) must for all the official analysis of Bacteriology sample, make use of the National Health Laboratory Services (NHLS).	167 627
DTM George	Impractical procurement process. Official agents for Nissan.	165 110
Golden Dividend 536 (Pty) Ltd t/a Tata Garden Route	Impractical procurement process. Official agents for Tata.	159 549
Invuyani Safety	Impractical procurement process. S32 extension which was approved by BAC on 25/02/13	116 467
A.P.G. t/a Incidents Support Service CC	Sole supplier	102 991
Total		1 394 667

36 CAPITAL COMMITMENTS

The Municipality had no capital commitments.

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

37 CONTINGENT LIABILITY

30 June 2013

37.1 GHJ Kruger

Gert Hendrik Jacobus Kruger vs. the MEC for Transport and Public Works (First defendant) and Eden District Municipality (Second defendant). This matter relates to a veld fire that allegedly originated on the road reserve that belongs to the Province and spread to the property of the plaintiff. The plaintiff alleges that the suffered damages of R906 550 as a result of the fire that spread to this property. Eden is acting as an agent of the Province. This matter is in its initial stages and the State Attorney is acting on behalf of both the Province and Eden District Municipality.

R

906 550

37.2 Theunis Barnard / Eden DM / September January

A summons was received from Calmanz Incorporated, with regards to an accident that happened on 5 February 2010. The driver of the vehicle was September January and at the time of the accident employed at Eden DM. The vehicle had the registration number PA 175 129. This matter was referred to their Insurance company. Notice of intention to defend was issued.

38 231

37.3 F du Toit / DL du Plooy / Eden DM

Dr du Toit and his fiancé went on vacation at Victoria Bay Camp Site. They were robbed of valuable items. Therefore they are suing Eden DM for damages. This case was referred to Millers Attorneys. A notice of intention to defend was issued. Millers recommend that Adv Schmidt be appointed in this matter.

376 750

37.4 Lefatshe - Computer Systems

Eden District Municipality entered into an agreement with Lefatshe Technologies (Pty) Ltd whereby they will provide the municipality with an integrated information technology system on or about 31 August 2011. Lefatshe submitted an account in the amount of R 1 643 174.61 for certain services rendered. The Municipal Manager informed Lefatshe in writing of Council's decision to investigate the Lefatshe tender and that the contract is on hold pending the outcome of the forensic investigation. There was a summons served on Eden District Municipality on 8 November 2011. The amount claimed is being disputed. This forms part of a R 23 449 235.67 contract. Pleadings are exchanged between the parties and a possible Court date to be determined by plaintiff.

23 449 236

37.5 Hoogbaard / Delo vs. Eden DM / GW Louw

A joint summons against Eden DM and Mr GW Louw for alleged defamation. They claim an amount of R 300 000.00 each. The Council appointed Attorneys to defend the case.

600 000

37.6 I Gerber N.O and others / Eden DM and P McKenzie

The Cape Town High Court issued a court order against Eden DM. In terms of the said order each party is liable for its own costs in respect of the said Application. In addition the court ordered the Applicant to bring a court application on or before the 31st of July 2013, in order to review Eden DM's decision to lease Part 4 of the farm Woodville 172, Division George to Peter McKenzie (the second Respondent), which will have further cost implications for Eden DM. Lastly instructions were issued that a lease be drafted in the interim between the relevant parties.

49 630

37.7 Possible Dispute with B-Municipalities Regarding Properties Registered in Eden District Municipality's Name

The Municipality embarked on a process to dispose some of its land and buildings located within the District. Some of the local municipalities have disputed that these properties can in fact be disposed since it was supposed to be transferred to them because the assets were supposed to follow the function and since Eden are not fulfilling some of these anymore the local municipalities are claiming these properties. The Municipality intends to dispute this claim. At year-end the book value of the properties disputed are the following

Mossel Bay Municipality
Knysna Municipality
George Municipality

75 764 475

8 743 144

75 137 000

37.8 Uniondale Correction Facility on behalf of Department of Public works

Electricity consumption for 2006 - 2011. A claim of R8.3 m has been received but an in-house investigation must first be undertaken to assess the authenticity.

8 300 000

38 IN-KIND DONATIONS AND ASSISTANCE

The Municipality did not receive any in-kind donations and assistance.

39 EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after reporting date.

40 RELATED PARTY TRANSACTIONS

40.1 Related Party Transactions

Year ended 30 June 2013

None

Year ended 30 June 2012

None

40.2 Related Party Loans

Since 1 July 2004 loans to councillors and senior management employees are no longer permitted. Loans granted prior to this date, together with the conditions, are disclosed in note 17 to the Annual Financial Statements.

40.3 Related Parties

The following are persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly including any director of Eden District Municipality:

- * Executive Mayor
- * Speaker
- * Mayoral Committee members
- * Councillors
- * Municipal Manager
- * Senior Manager: Finance
- * Executive Manager: Support Services
- * Senior Manager: Technical Services
- * Executive Manager: Management Services

Their short term employee benefits are disclosed in notes 28 & 29.

Rates

Service Charges

Outstanding
balances

-

-

-

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

41 RISK EXPOSURES

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

Price risk

The municipality is not exposed to price risk.

Interest Rate Risk

As the municipality has significant interest-bearing liabilities, the entity's income and operating cash flows are substantially dependent on changes in market interest rates.

The municipality analyse its potential exposure to interest rate changes on a continuous basis. Different scenarios are simulated which include refinancing, renewal of current positions, alternative financing and hedging. Based on these scenarios, the entity calculates the impact that a change in interest rates will have on the surplus/deficit for the year. These scenarios are only simulated for liabilities which constitute the majority of interest bearing liabilities.

The municipality did not hedge against any interest rate risks during the current year.

The potential impact on the entity's surplus/deficit for the year due to changes in interest rates were as follow:

2013 R	2012 R
(11 444)	114 911
11 444	(114 911)

Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk consist mainly of cash deposits, cash equivalents, trade and other receivables and unpaid conditional grants and subsidies.

Trade and other debtors are disclosed net after provisions are made for impairment and bad debts. Trade debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Credit risk pertaining to trade and other debtors is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

All rates and services are payable within 30 days from invoice date. Refer to note 19 for all balances outstanding longer than 30 days. These balances represent all debtors at year end which defaulted on their credit terms. Also refer to note 19 for balances included in receivables that were re-negotiated for the period under review.

No trade and other receivables are pledged as security for financial liabilities.

Due to the short term nature of trade and other receivables the carrying value disclosed in note 19 of the financial statements is an approximation of its fair value. Interest on overdue balances are included at prime lending rate plus 1% where applicable.

The provision for bad debts could be allocated between the different classes of debtors as follows:

	2013 %	2013 R	2012 %	2012 R
Electricity	0.00%	-	0.40%	20 495
Water	0.00%	-	0.04%	2 083
Refuse	0.00%	-	0.01%	708
Sewerage	0.00%	-	0.06%	2 847
Ambulance and Fire Fighting Fees	31.55%	2 071 495	32.73%	1 684 950
Rental Agreements	37.41%	2 456 335	26.71%	1 375 011
Taxes - Rates	0.00%	-	0.37%	19 261
Advances to Agencies	0.00%	-	0.00%	0
Sundry debtors	31.04%	2 038 136	39.67%	2 042 119
	100.00%	6 565 966	100.00%	5 147 474

The entity only deposits cash with major banks with high quality credit standing. No cash and cash equivalents were pledged as security for financial liabilities and no restrictions were placed on the use of any cash and cash equivalents for the period under review. Although the credit risk pertaining to cash and cash equivalents are considered to be low, the maximum exposure are disclosed below.

The risk pertaining to unpaid conditional grants and subsidies are considered to be very low. Amounts are receivable from national and provincial government and there are no expectation of counter party default.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

Financial assets exposed to credit risk at year end are as follows:

	2013 R	2012 R
Long-term Receivable	44 796 124	47 400 346
Consumer Debtors	3 388 492	1 314 981
Other Debtors	2 364 927	985 753
Short term Investment Deposits	1 104	1 121
Bank Balances and Cash	78 937 085	42 771 497
Maximum Credit Risk Exposure	129 487 732	92 473 698

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

Liquidity Risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the entity's financial liabilities into relevant maturity groupings based on the remaining period at the financial year end to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

2012

In accordance with GRAP 104 the financial assets of the municipality are classified as follows:

Financial Liability

Non-Current Liabilities

Long-term Liabilities

Current Liabilities

Trade and other payables
Current portion of long-term liabilities

Total Financial Liabilities

SUMMARY OF FINANCIAL LIABILITIES

Financial instruments at amortised cost

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

PROPERTY PLANT & EQUIPMENT

30 JUNE 2013

Reconciliation of Carrying Value

	Cost								Accumulated Depreciation and Impairment Losses												Closing Balance	Carrying Value
	Opening Balance	Class Transfer	Opening Balance (after class transfers)	Additions	Disposals	Impairment	Class Transfer	Transfer from Held for Sale back to PPE	Transfer of functions to George Municipality	Closing Balance	Opening balance	Class Transfer	Opening Balance (after class transfers)	Additions	Disposals	Impairment	Class Transfer	Transfer from Held for Sale back to PPE	Transfer of functions to George Municipality			
	R	R		R	R				R	R				R	R				R	R		
Infrastructure	6 753 355	(6 316 127)	437 228	-	-	-	-	-	-	437 228	732 148	(573 318)	158 831	26 047	-	-	-	-	-	184 877	252 351	
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Roads and Streets	4 905 275	(4 468 047)	437 228	-	-	-	-	-	-	437 228	259 827	(100 997)	158 831	26 047	-	-	-	-	-	184 877	252 351	
Beach Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Sewerage Mains and Purification	294 196	(294 196)	-	-	-	-	-	-	-	-	174 925	(174 925)	-	-	-	-	-	-	-	-		
Electricity mains	74 607	(74 607)	-	-	-	-	-	-	-	-	44 524	(44 524)	-	-	-	-	-	-	-	-		
Electricity Peak Load equipment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Water Mains & Purification	1 323 359	(1 323 359)	-	-	-	-	-	-	-	-	214 676	(214 676)	-	-	-	-	-	-	-	-		
Water Reservoirs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Water Meters	-	-	-	-	-	-	-	-	-	-	(51)	51	-	-	-	-	-	-	-	-		
Water Mains	155 918	(155 918)	-	-	-	-	-	-	-	-	38 247	(38 247)	-	-	-	-	-	-	-	-		
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Community Assets	623 316	2 825 897	3 449 213	-	-	-	-	-	-	3 449 213	68 465	536 190	604 655	132 971	-	-	-	-	-	737 626	2 711 587	
Parks and Gardens	63 478	(47 460)	16 018	-	-	-	-	-	-	16 018	8 232	(6 342)	1 890	719	-	-	-	-	-	2 609	13 408	
Libraries	7 021	(7 021)	(0)	-	-	-	-	-	-	(0)	851	(851)	-	-	-	-	-	-	-	-		
Caravan Parks	-	2 907 095	2 907 095	-	-	-	-	-	-	2 907 095	-	541 192	541 192	115 945	-	-	-	-	-	657 137	2 249 958	
Recreation Grounds	491 609	34 492	526 101	-	-	-	-	-	-	526 101	57 390	4 183	61 573	16 307	-	-	-	-	-	77 880	448 221	
Civic Buildings	61 208	(61 208)	(0)	-	-	-	-	-	-	(0)	1 993	(1 993)	-	-	-	-	-	-	-	-		
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Art Galleries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Land and Buildings	155 412 523	3 257 174	158 669 697	-	22 632	-	(3 971 000)	-	-	154 676 064	9 822 418	(11 191)	9 811 227	1 564 933	14 220	-	(679 889)	-	-	10 682 051	143 994 013	
Land	100 654 629	4 142 000	104 796 629	-	-	-	(571 000)	-	-	104 225 629	-	-	-	-	-	-	-	-	-	104 225 629		
Buildings	54 757 893	(884 826)	53 873 068	-	22 632	-	(3 400 000)	-	-	50 450 435	9 822 418	(11 191)	9 811 227	1 564 933	14 220	-	(679 889)	-	-	10 682 051	39 768 384	
Other Assets	31 814 672	141 206	31 955 878	875 758	1 210 101	-	-	-	-	31 621 535	16 757 001	2 907	16 759 909	2 121 659	794 957	-	-	-	-	18 086 612	13 534 922	
Office Equipment	4 427 050	(1 799 531)	2 627 519	152 745	126 756	-	-	-	-	2 653 507	2 186 316	(900 686)	1 285 630	203 972	67 211	-	-	-	-	1 422 391	1 231 116	
Furniture and Fittings	4 635 653	103 919	4 739 572	71 426	129 145	-	-	-	-	4 681 853	2 715 247	103 141	2 818 389	325 995	76 275	-	-	-	-	3 068 109	1 613 744	
Bins and Containers	370 051	60 140	430 191	-	-	-	-	-	-	430 191	84 894	38 289	123 183	46 494	-	-	-	-	-	169 677	260 514	
Emergency equipment	3 649 609	(1 854 609)	1 795 000	57 261	82 776	-	-	-	-	1 769 486	1 956 568	(910 775)	1 045 793	143 019	49 423	-	-	-	-	1 139 390	630 096	
Motor Vehicles	7 254 427	(2 423 020)	4 831 407	299 439	480 754	-	-	-	-	4 650 091	3 342 573	(868 983)	2 473 589	202 179	320 628	-	-	-	-	2 355 140	2 294 951	
Fire Engines	953 988	3 805 037	4 759 025	-	49 306	-	-	-	-	4 709 719	355 482	1 481 709	1 837 191	288 231	34 304	-	-	-	-	2 091 118	2 618 601	
Refuse Tankers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Computer Equipment	6 319 714	344 176	6 663 890	294 887	260 719	-	-	-	-	6 698 057	3 185 786	150 894	3 336 680	564 867	185 344	-	-	-	-	3 716 203	2 981 854	
Councillors Regalia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Plant and Equipment	47 074	1 905 095	1 952 169	-	80 644	-	-	-	-	1 871 525	25 287	909 317	934 604	190 371	61 772	-	-	-	-	1 063 203	808 322	
Disaster Management Equipment	4 157 105	-	4 157 105	-	-	-	-	-	-	4 157 105	2 904 849	-	2 904 849	156 532	-	-	-	-	-	3 061 381	1 095 724	
Housing Rental Stock	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Scheme 1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Scheme 2	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Leased Assets (Infra.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Leased Assets (Infra.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
	194 603 865	(91 849)	194 512 016	875 758	1 232 733	-	(3 971 000)	-	-	190 184 041	27 380 033	-	-	3 845 611	809 177	-	(679 889)	-	-	29 691 166	160 492 873	

30 JUNE 2012

Reconciliation of Carrying Value

	Cost										Accumulated Depreciation and Impairment Losses										Closing Balance	Carrying Value
	Opening Balance (excl Capital under Construction)	Capital under construction (Additions)	Opening Balance (incl Capital under Construction)	Additions	Disposals	Impairment	Class Transfer	Transfer from Held for Sale back to PPE	Transfer of functions to George Municipality	Closing Balance	Opening balance	Class Transfer	Additions	Disposals	Impairment	Transfer from Held for Sale back to PPE	Transfer of functions to George Municipality					
R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R	R					
Infrastructure	5 794 635	-	5 794 635	-	14 370	52 683	-	44 114 758	43 088 986	6 753 355	485 536	-	174 812	4 431	25 158	-	7 893 527	7 792 137	732 148	6 021 207		
Drains	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Balance previously reported	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Correction of error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Roads and Streets	4 898 612	-	4 898 612	-	-	-	-	14 949 165	14 942 502	4 905 275	180 438	-	79 025	-	-	-	3 634 454	3 634 090	259 827	4 645 448		
Balance previously reported	4 818 282	-	4 818 282	-	-	-	-	14 949 165	14 942 502	4 824 945	142 324	-	75 519	-	-	-	3 634 454	3 634 090	218 206	4 606 739		
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	22 085	-	(4 530)	-	-	-	-	-	17 555	(17 555)		
Correction of error zero cost prices	80 330	-	80 330	-	-	-	-	-	-	80 330	16 029	-	8 037	-	-	-	-	-	24 066	56 264		
Correction of error	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		
Beach Improvements	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-		

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

PROPERTY PLANT & EQUIPMENT (CONTINUED)

	Cost										Accumulated Depreciation and Impairment Losses									
	Opening Balance (excl Capital under Construction)	Capital under construction (Additions)	Opening Balance (incl Capital under Construction)	Additions	Disposals	Impairment	Class Transfer	Transfer from Held for Sale back to PPE	Transfer of functions to George Municipality	Closing Balance	Opening balance		Additions	Disposals	Impairment	Class Transfer	Transfer from Held for Sale back to PPE	Transfer of functions to George Municipality	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R		R	R	R	R	R	R	R	R
Sewerage Mains and Purification	328 513	-	328 513	-	-	34 317	-	3 672 700	3 672 700	294 196	178 791		16 437	-	20 303	-	550 528	550 528	174 925	119 271
Balance previously reported	328 513	-	328 513	-	-	34 317	-	3 672 700	3 672 700	294 196	178 808		16 462	-	20 303	-	550 528	550 528	174 967	119 229
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(17)		(25)	-	-	-	-	-	(42)	42
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Electricity mains	88 607	-	88 607	-	-	14 000	-	2 423 628	2 423 628	74 607	43 948		4 309	-	3 733	-	301 927	301 927	44 524	30 083
Balance previously reported	88 607	-	88 607	-	-	14 000	-	2 423 628	2 423 628	74 607	43 951		4 314	-	3 733	-	301 927	301 927	44 532	30 075
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(2)		(6)	-	-	-	-	-	(8)	8
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Electricity Peak Load equipment	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Water Mains & Purification	288 214	-	288 214	-	3 965	-	-	13 754 653	12 715 543	1 323 359	45 171		66 321	1 173	-	-	2 010 382	1 906 026	214 676	1 108 683
Balance previously reported	288 214	-	288 214	-	3 965	-	-	13 754 653	12 715 543	1 323 359	45 171		66 321	1 173	-	-	2 010 382	1 906 026	214 676	1 108 683
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Water Reservoirs	20 000	-	20 000	-	-	-	-	9 314 612	9 334 612	0	3 331		-	-	-	-	1 396 236	1 399 566	-	-
Balance previously reported	20 000	-	20 000	-	-	-	-	9 314 612	9 334 612	0	3 331		-	-	-	-	1 396 236	1 399 566	-	-
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Water Meters	4 960	-	4 960	-	4 960	-	-	-	-	-	1 847		-	1 898	-	-	-	-	(51)	51
Balance previously reported	4 960	-	4 960	-	4 960	-	-	-	-	-	1 847		-	1 898	-	-	-	-	(51)	51
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Water Mains	165 729	-	165 729	-	5 445	4 366	-	-	-	155 918	32 009		8 719	1 360	1 122	-	-	-	38 247	117 671
Balance previously reported	155 049	-	155 049	-	10 890	4 366	-	-	-	139 793	29 904		7 560	2 720	1 122	-	-	-	33 622	106 171
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(11)		-	-	-	-	-	-	(11)	11
Correction of error items with values disposed	-	-	-	-	(5 445)	-	-	-	-	5 445	1 416		625	(1 360)	-	-	-	-	3 402	2 043
Correction of error zero cost prices	10 680	-	10 680	-	-	-	-	-	-	10 680	700		534	-	-	-	-	-	1 234	9 446
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Balance previously reported	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Community Assets	3 870 149	-	3 870 149	-	-	1 887 821	-9 050	-	1 349 961	623 316	488 408		83 373	-	297 149	-900	-	205 267	66 465	554 850
Parks and Gardens	65 117	-	65 117	-	-	1 639	-	-	-	63 478	6 617		2 550	-	935	-	-	-	8 232	55 245
Balance previously reported	65 117	-	65 117	-	-	1 639	-	-	-	63 478	6 627		2 554	-	935	-	-	-	8 246	55 231
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(10)		(4)	-	-	-	-	-	(14)	14
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Libraries	542 282	-	542 282	-	-	526 210	-9 050	-	-	7 021	48 670		17 811	-	64 730	-900	-	-	851	6 170
Balance previously reported	540 989	-	540 989	-	-	526 210	-9 050	-	-	5 728	48 606		17 768	-	64 730	-900	-	-	744	4 984
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(1)		(0)	-	-	-	-	-	(1)	1
Correction of error opening balance differences	-	-	-	-	-	-	-	-	-	-	9		-	-	-	-	-	-	9	(9)
Correction of error zero cost prices	1 293	-	1 293	-	-	-	-	-	-	1 293	56		43	-	-	-	-	-	99	1 194
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Recreation Grounds	491 609	-	491 609	-	-	-	-	-	-	491 609	41 001		16 389	-	-	-	-	-	57 390	434 220
Balance previously reported	491 609	-	491 609	-	-	-	-	-	-	491 609	41 210		16 414	-	-	-	-	-	57 624	433 986
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(209)		(25)	-	-	-	-	-	(234)	234
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Civic Buildings	2 771 141	-	2 771 141	-	-	1 359 971	-	-	1 349 961	61 208	392 120		46 624	-	231 484	-	-	205 267	1 993	59 215
Balance previously reported	2 771 141	-	2 771 141	-	-	1 359 971	-	-	1 349 961	61 208	392 329		86 073	-	231 484	-	-	205 267	41 651	19 557
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(209)		(39 449)	-	-	-	-	-	(39 658)	39 658
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Art Galleries	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Land and Buildings	162 444 538	-	162 444 538	170 149	-	17 422	-177	-	7 184 566	155 412 523	8 596 947		1 821 828	-	2 323	-13	-	594 021	9 822 418	145 590 104
Land	104 164 327	-	104 164 327	-	-	-	-	-	3 509 698	100 654 629	-		-	-	-	-	-	-	-	100 654 629
Balance previously reported	104 164 327	-	104 164 327	-	-	-	-	-	3 509 698	100 654 629	-		-	-	-	-	-	-	-	100 654 629
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Buildings	58 280 211	-	58 280 211	170 149	-	17 422	-177	-	3 674 868	54 757 893	8 596 947		1 821 828	-	2 323	-13	-	594 021	9 822 418	44 935 475
Balance previously reported	58 280 211	-	58 280 211	170 149	-	17 422	-177	-	3 674 868	54 757 893	8 456 747		1 833 022	-	2 323	-13	-	594 021	9 693 412	45 064 481
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	140 200		(11 194)	-	-	-	-	-	129 006	(129 006)
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

PROPERTY PLANT & EQUIPMENT (CONTINUED)

	Cost										Accumulated Depreciation and Impairment Losses									
	Opening Balance (excl Capital under Construction)	Capital under construction (Additions)	Opening Balance (Incl Capital under Construction)	Additions	Disposals	Impairment	Class Transfer	Transfer from Held for Sale back to PPE	Transfer of functions to George Municipality	Closing Balance	Opening balance		Additions	Disposals	Impairment	Class Transfer	Transfer from Held for Sale back to PPE	Transfer of functions to George Municipality	Closing Balance	Carrying Value
Other Assets	34 117 322	-	34 117 322	465 466	881 076	1 594 391	-438 037	244 025	98 637	31 814 672	14 758 268		4 212 216	734 602	1 191 419	-435 026	201 766	54 201	16 757 001	15 057 675
Office Equipment	5 453 100	-	5 453 100	232 762	344 129	744 317	-271 462	104 910	3 816	4 427 050	2 679 944		589 188	305 913	642 786	-230 770	99 118	2 466	2 186 316	2 240 735
Balance previously reported	5 128 446	-	5 128 446	232 762	385 592	761 270	-271 462	104 910	3 816	4 043 979	2 887 640		465 366	342 027	651 440	-230 770	99 118	2 466	2 225 422	1 818 557
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(909)		(462)	-	-	-	-	-	(1 371)	1 371
Correction of error items with values disposed	-	-	-	-	(41 464)	-	-	-	-	41 464	(14 952)		4 109	(36 114)	-	-	-	-	25 271	16 193
Correction of error items without values disposed	2 610	-	2 610	-	-	-	-	-	-	2 610	1 302		326	-	-	-	-	-	1 628	982
Correction of error zero carrying values	-	-	-	-	-	-	-	-	-	-	(327 867)		65 573	-	-	-	-	-	(262 294)	262 294
Correction of error items previously impaired	-	-	-	-	-	(16 953)	-	-	-	16 953	111		692	-	(8 654)	-	-	-	9 457	7 496
Correction of error opening balance differences	-	-	-	-	-	-	-	-	-	-	(2 154)		-	-	-	-	-	-	(2 154)	2 154
Correction of error identified for the first time	212 737	-	212 737	-	-	-	-	-	-	212 737	83 421		20 879	-	-	-	-	-	104 301	108 436
Correction of error zero cost prices	109 307	-	109 307	-	-	-	-	-	-	109 307	53 352		32 704	-	-	-	-	-	86 056	23 252
Furniture and Fittings	4 929 811	-	4 929 811	96 339	71 803	358 638	10 183	33 372	3 611	4 635 653	2 300 515		640 069	31 297	209 443	1 379	15 885	1 861	2 715 247	1 920 407
Balance previously reported	4 293 568	-	4 293 568	96 339	90 108	360 856	10 183	33 372	9 443	3 973 055	2 135 430		580 262	38 274	210 949	1 379	15 885	5 194	2 478 540	1 494 515
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(8 072)		2 126	-	-	-	-	-	(5 947)	5 947
Correction of error items with values disposed	-	-	-	-	(18 305)	-	-	-	-	18 305	2 059		1 864	(6 977)	-	-	-	-	10 900	7 405
Correction of error items without values disposed	30 689	-	30 689	-	-	-	-	-	-	30 689	15 233		3 813	-	-	-	-	-	19 046	11 643
Correction of error items previously impaired	-	-	-	-	-	(2 218)	-	-	-	2 218	(202)		(72)	-	(1 506)	-	-	-	1 232	986
Correction of error opening balance differences	716	-	716	-	-	-	-	-	-	716	2 011		-	-	-	-	-	-	2 011	(1 296)
Correction of error held for sale transfers	-	-	-	-	-	-	-	-	(5 832)	5 832	(418)		730	-	-	-	-	(3 333)	3 644	2 189
Correction of error identified for the first time	406 441	-	406 441	-	-	-	-	-	-	406 441	91 811		22 977	-	-	-	-	-	114 788	291 653
Correction of error zero cost prices	198 398	-	198 398	-	-	-	-	-	-	198 398	62 664		28 369	-	-	-	-	-	91 033	107 365
Bins and Containers	406 471	-	406 471	-	36 420	-	-	-	-	370 051	72 552		18 090	5 747	-	-	-	-	84 894	285 158
Balance previously reported	210 971	-	210 971	-	36 420	-	-	-	-	174 551	38 223		7 971	5 747	-	-	-	-	40 447	134 104
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(15)		(10)	-	-	-	-	-	(25)	25
Correction of error opening balance differences	-	-	-	-	-	-	-	-	-	-	186		-	-	-	-	-	-	186	(186)
Correction of error identified for the first time	48 560	-	48 560	-	-	-	-	-	-	48 560	20 893		5 230	-	-	-	-	-	26 123	22 437
Correction of error zero cost prices	146 940	-	146 940	-	-	-	-	-	-	146 940	13 263		4 899	-	-	-	-	-	18 162	128 778
Emergency equipment	3 785 975	-	3 785 975	-	55 313	233 599	152 547	-	-	3 649 609	1 486 235		517 563	49 088	150 688	152 547	-	-	1 956 568	1 693 042
Balance previously reported	3 161 033	-	3 161 033	-	55 313	283 592	152 547	-	-	2 974 674	1 311 218		428 725	49 088	188 464	152 547	-	-	1 654 938	1 319 737
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(5 574)		2 025	-	-	-	-	-	(3 549)	3 549
Correction of error items without values disposed	263	-	263	-	-	-	-	-	-	263	117		29	-	-	-	-	-	146	117
Correction of error zero carrying values	-	-	-	-	-	-	-	-	-	-	(72 902)		14 580	-	-	-	-	-	(58 322)	58 322
Correction of error items previously impaired	-	-	-	-	-	(49 993)	-	-	-	49 993	(9 438)		(576)	-	(37 775)	-	-	-	27 762	22 231
Correction of error opening balance differences	-	-	-	-	-	-	-	-	-	-	(5 004)		-	-	-	-	-	-	(5 004)	5 004
Correction of error identified for the first time	582 540	-	582 540	-	-	-	-	-	-	582 540	257 041		64 340	-	-	-	-	-	321 381	261 159
Correction of error zero cost prices	42 139	-	42 139	-	-	-	-	-	-	42 139	10 777		8 440	-	-	-	-	-	19 217	22 923
Motor Vehicles	7 222 702	-	7 222 702	33 991	16 314	22 747	35 000	58 817	57 021	7 254 427	2 646 807		693 437	15 541	10 557	2 100	44 900	18 573	3 342 573	3 911 856
Balance previously reported	7 014 366	-	7 014 366	33 991	16 314	64 208	35 000	58 817	57 021	7 004 631	2 664 510		564 932	15 541	23 363	2 100	44 900	18 573	3 218 965	3 785 666
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(108 923)		91 467	-	-	-	-	-	(17 457)	17 457
Correction of error items without values disposed	11 836	-	11 836	-	-	-	-	-	-	11 836	5 914		1 481	-	-	-	-	-	7 394	4 442
Correction of error zero carrying values	-	-	-	-	-	-	-	-	-	-	(51 692)		10 117	-	-	-	-	-	(41 575)	41 575
Correction of error items previously impaired	-	-	-	-	-	(41 460)	-	-	-	41 460	10 361		2 592	-	(12 806)	-	-	-	25 759	15 702
Correction of error opening balance differences	-	-	-	-	-	-	-	-	-	-	(1 550)		-	-	-	-	-	-	(1 550)	1 550
Correction of error zero cost prices	196 500	-	196 500	-	-	-	-	-	-	196 500	128 187		22 849	-	-	-	-	-	151 036	45 464

EDEN DISTRICT MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

PROPERTY PLANT & EQUIPMENT (CONTINUED)

	Cost										Accumulated Depreciation and Impairment Losses									
	Opening Balance (excl Capital under Construction)	Capital under construction (Additions)	Opening Balance (Incl Capital under Construction)	Additions	Disposals	Impairment	Class Transfer	Transfer from Held for Sale back to PPE	Transfer of functions to George Municipality	Closing Balance	Opening balance		Additions	Disposals	Impairment	Class Transfer	Transfer from Held for Sale back to PPE	Transfer of functions to George Municipality	Closing Balance	Carrying Value
	R	R	R	R	R	R	R	R	R	R	R		R	R	R	R	R	R	R	R
Fire Engines	965 978	-	965 978	-	11 990	-	-	-	-	953 988	266 465		97 032	8 015	-	-	-	-	355 482	598 507
Balance previously reported	906 417	-	906 417	-	11 990	125 146	-	-	-	769 281	320 128		63 021	8 015	104 319	-	-	-	270 815	498 466
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(42 281)		19 636	-	-	-	-	-	(22 645)	22 645
Correction of error zero carrying values	-	-	-	-	-	-	-	-	-	-	(6 201)		1 240	-	-	-	-	-	(4 961)	4 961
Correction of error items previously impaired	-	-	-	-	-	(125 146)	-	-	-	125 146	(36 179)		1 355	-	(104 319)	-	-	-	69 495	55 651
Correction of error opening balance differences	-	-	-	-	-	-	-	-	-	-	214		-	-	-	-	-	-	214	(214)
Correction of error zero cost prices	59 562	-	59 562	-	-	-	-	-	-	59 562	30 785		11 779	-	-	-	-	-	42 564	16 998
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Refuse Tankers	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Computer Equipment	7 137 786	-	7 137 786	102 373	345 107	223 769	-364 304	46 925	34 189	6 319 714	3 208 156		816 380	319 001	170 028	-360 282	41 862	31 301	3 185 786	3 133 928
Balance previously reported	6 559 319	-	6 559 319	102 373	506 491	223 769	-364 304	46 925	34 189	5 579 863	3 524 091		643 211	456 781	170 028	-360 282	41 862	31 301	3 190 772	2 389 092
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(17 067)		(462)	-	-	-	-	-	(17 530)	17 530
Correction of error items with values disposed	-	-	-	-	(161 384)	-	-	-	-	161 384	(57 199)		18 223	(137 780)	-	-	-	-	98 804	62 579
Correction of error items without values disposed	24 997	-	24 997	-	-	-	-	-	-	24 997	12 466		3 121	-	-	-	-	-	15 587	9 410
Correction of error zero carrying values	-	-	-	-	-	-	-	-	-	-	(503 682)		98 161	-	-	-	-	-	(405 520)	405 520
Correction of error identified for the first time	458 364	-	458 364	-	-	-	-	-	-	458 364	172 970		43 291	-	-	-	-	-	216 261	242 103
Correction of error zero cost prices	95 105	-	95 105	-	-	-	-	-	-	95 105	76 770		10 835	-	-	-	-	-	87 605	7 501
Correction of error opening balance differences	-	-	-	-	-	-	-	-	-	-	(193)		-	-	-	-	-	-	(193)	193
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Plant and Equipment	47 074	-	47 074	-	-	-	-	-	-	47 074	20 225		5 062	-	-	-	-	-	25 287	21 787
Balance previously reported	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Correction of error identified for the first time	47 074	-	47 074	-	-	-	-	-	-	47 074	20 225		5 062	-	-	-	-	-	25 287	21 787
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Disaster Management Equipment	4 168 425	-	4 168 425	-	-	11 320	-	-	-	4 157 105	2 077 370		835 395	-	7 917	-	-	-	2 904 849	1 252 255
Balance previously reported	4 168 425	-	4 168 425	-	-	11 320	-	-	-	4 157 105	2 079 647		835 511	-	7 917	-	-	-	2 907 242	1 249 863
Correction of error Depreciation Calculation	-	-	-	-	-	-	-	-	-	-	(2 277)		(116)	-	-	-	-	-	(2 392)	2 392
Correction of error	-	-	-	-	-	-	-	-	-	-	-		-	-	-	-	-	-	-	-
Restated Balance	206 226 644	-	206 226 644	635 615	895 446	3 552 317	-447 264	44 358 783	51 722 149	194 603 865	24 329 159		6 292 229	739 033	1 516 049	-435 939	8 095 292	8 645 626	27 380 033	167 223 836

The leased property, plant and equipment is secured as set out in Note 3.

**EDEN DISTRICT MUNICIPALITY
ANNEXURE A
SCHEDULE OF EXTERNAL LOANS
FOR THE YEAR ENDED 30 JUNE 2013**

EXTERNAL LOANS	Loan No.	Redeemable	Balance 30/06/2012 R	Received during the period R	Redeemed or written off R	Balance 30/06/2013 R	Carrying Value of Property, Plant and Equipment R	Other Costs in accordance with the MFMA
LONG-TERM LOANS								
Prosperity Ins.Company @ 18.75%	9	31.12.2006	-	-	-	-	-	-
Standard Bank Nominees @ 16.75%	27	31.12.2008	-	-	-	-	-	-
Standard Bank Nominees @ 16.75%	27	31.12.2008	-	-	-	-	-	-
Total long-term loans			-	-	-	-	-	-
Annuity Loan								
ABSA			-		-	-	-	-
<u>Dysseisdorp Loan:</u>								
(14.5% interest rate, six monthly installments of R 153 143.36 with the final payment on 28/02/2010)			-	-	-	-	-	-
DBSA LOANS								
Loan: 10130/102			3 287 198	-	782 118	2 505 080	-	-
(10% interest rate, six monthly installments of R 25 669.04 with the final payment on 30/09/2015)								
Loan: 10132/102								
(10% interest rate, six monthly installments of R 184 150.24 with the final payment on 31/03/2016)								
Loan: 10129/202								
(10% interest rate, six monthly installments of R 130 001.34 with the final payment on 30/09/2015)								
Loan: 10131/102								
(10% interest rate, six monthly installments of R 193 023.80 with the final payment on 30/09/2015)								
			3 287 198	-	782 118	2 505 080	-	-
LEASE LIABILITY								
Office Equipment @ average of 12%			-	-	-	-	-	-
TOTAL EXTERNAL LOANS			3 287 198	-	782 118	2 505 080	-	-

ANNEXURE B
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Description	Provider	2013 Financial Year										Unspent	Unpaid
		1 July 2012	Correction of	Restated	Receipts		Expenditure		Repaid to National	Vat	Closing Balance		
		Opening balance	Error	Opening balance	Grants received	Debtor	Operating	Capital	Revenue Fund	Income	30-Jun-13		
Municipal Systems Improvement Grant (MSIG)	National Government Grants	328 747	-	328 747	1 000 000	-	1 348 849	10 518	-	76 124	(106 743)	-	106 743
Dpt Land Affairs: District Assessment Committee	Provincial Government Grants	49 343	-	49 343	-	-	-	-	-	-	49 343	49 343	-
Donation Funds National Water	Provincial Government Grants	41 700	-	41 700	-	-	-	-	-	-	41 700	41 700	-
Socio Economic Survey Sanitation Practices	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Housing Consumer Education Fund	Provincial Government Grants	32 167	-	32 167	-	-	-	-	-	-	32 167	32 167	-
Local Government Bulk infrastructure	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Integrated Human Settlement Grant	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant (FMG)	National Government Grants	330 174	-	330 174	1 250 000	-	1 429 446	-	-	138 455	12 274	12 274	-
LGESTA:Re-imbursements	Other Grant Providers	688 150	-	688 150	485 654	-	40 311	-	-	5 392	1 128 101	1 128 101	-
MSIG	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
LGSETA: LED Learnership	Other Grant Providers	9 164	-	9 164	-	-	-	-	-	-	9 164	9 164	-
GLOBAL FUND	Provincial Government Grants	(0)	-	(0)	-	-	-	-	-	-	(0)	-	0
Human Rights Programme	Provincial Government Grants	53 797	-	53 797	-	-	-	-	-	-	53 797	53 797	-
Sports Grounds: Haarlem	Provincial Government Grants	18 178	-	18 178	-	-	9 500	-	-	-	8 678	8 678	-
Libraries Grant - Facilities	Provincial Government Grants	77 506	-	77 506	-	-	-	-	-	-	77 506	77 506	-
Non-Motorised Transport	Provincial Government Grants	18 107	-	18 107	-	-	15 666	-	-	-	2 442	2 442	-
Bucket system Elimination Schools/Clinic	Provincial Government Grants	132 794	-	132 794	-	-	3 793	-	-	584	128 417	128 417	-
WC079: Regional Landfill Site	Provincial Government Grants	17 865	-	17 865	-	-	15 671	-	-	2 194	0	0	-
LG: Bulk Water and Waste Water infrastructure.	Provincial Government Grants	62 850	-	62 850	-	-	-	-	-	-	62 850	62 850	-
Expanded Public Works Incentives	National Government Grants	65 294	-	65 294	1 000 000	-	1 136 965	-	-	11 908	(83 579)	-	83 579
Umsobomvu Youth Fund	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Financial Assistance Aerial Fire fighting	Provincial Government Grants	(0)	-	(0)	-	-	-	-	-	-	(0)	-	0
Task Contributions - Municipalities	Other Grant Providers	100 830	-	100 830	127 678	-	272 568	-	-	6 188	(50 247)	-	50 247
Emergency Housing DMA	Provincial Government Grants	282 478	-	282 478	-	-	-	-	-	-	282 478	282 478	-
Emergency Housing Zoar	Provincial Government Grants	174 048	-	174 048	-	-	-	-	-	-	174 048	174 048	-
WC FMG: Longterm financial plan	National Government Grants	-	-	-	250 000	-	-	-	-	-	250 000	250 000	-
WC FMG: Risk Assessment	National Government Grants	-	-	-	300 000	-	-	-	-	-	300 000	300 000	-
DWA: Abstraction Validation on Bitou	Provincial Government Grants	-	-	-	35 589	-	-	-	-	-	35 589	35 589	-
DWAF: Chemical Water Sampling	Provincial Government Grants	-	-	-	306 286	-	272 850	-	-	40 684	(7 248)	-	7 248
RBIG & DBSA: Bulk Water Studies	Other Grant Providers	-	-	-	545 065	-	580 727	-	-	66 938	(102 600)	-	102 600
STUDY: Implementation alternative Solid Waste (NT)	National Government Grants	-	-	-	-	-	316 511	-	-	51 525	(368 036)	-	368 036
STUDY: Implementation alternative Solid Waste (DBSA)	Other Grant Providers	-	-	-	-	-	1 151 540	-	-	187 460	(1 339 000)	-	1 339 000
ROADS - DEPARTMENT OF TRANSPORT	Provincial Government Grants	-	-	-	117 060 607	-	117 060 607	-	-	-	-	-	-
CONSOLIDATED MIG PROJECTS - OPERATIONAL		-	-	-	-	-	-	-	-	-	-	-	-
TOTALS		2 483 194	-	2 483 194	122 360 879	-	123 655 005	10 518	-	587 451	591 100	2 648 554	2 057 454
WFW: Brandwacht 2010/11	Provincial Government Grants	(0)	-	(0)	1 488 160	-	1 404 627	-	-	83 534	0	0	-
WFW: Great - Brak 2010/11	Provincial Government Grants	(0)	-	(0)	1 352 485	-	1 238 387	-	-	114 098	-	-	-
WFW: Uniondale 2010/11	Provincial Government Grants	0	-	0	-	-	-	-	-	-	0	0	-
WFW: Karatara 2010/11	Provincial Government Grants	0	-	0	765 217	-	765 186	-	-	31	0	0	-
WFW: Knysna 2010/11	Provincial Government Grants	0	-	0	376 669	-	368 261	-	-	8 408	0	0	-
WFW: Moordkuyil 2010/11	Provincial Government Grants	-	-	-	1 219 057	-	1 167 219	-	-	51 837	0	0	-
WFW - (Unspent & PM fees)	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
WORK FOR WATER TOTALS		0	-	0	5 201 588	-	4 943 679	-	-	257 909	0	0	-
TOTALS		2 483 194	-	2 483 194	127 562 467	-	128 598 684	10 518	-	845 359	591 100	2 648 554	2 057 454
CAPITAL PROJECTS		-	-	-	-	-	-	-	-	-	-	-	-
OTHER GRANTS		-	-	-	-	-	-	-	-	-	-	-	-
Financial Management Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Municipal System Improvement Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
TOTALS		-	-	-	-	-	-	-	-	-	-	-	-
Development of Sport & Recreation	Provincial Government Grants	(1)	-	(1)	-	-	-	-	-	-	(1)	-	1
DME GRANTS		-	-	-	-	-	-	-	-	-	-	-	-
Electricity Demand Side Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-
Electricity Demand Side Management	National Government Grants	5 399 984	-	5 399 984	-	-	-	-	-	-	5 399 984	5 399 984	-
TOTALS		5 399 984	-	5 399 984	-	-	-	-	-	-	5 399 984	5 399 984	-
TOTAL CAPITAL BALANCES		5 399 984	-	5 399 984	-	-	-	-	-	-	5 399 984	5 399 984	1
UNSPENT BALANCES END OF REPORTING PERIOD		7 883 177	-	7 883 177	127 562 467	-	128 598 684	10 518	-	845 359	5 991 084	8 048 539	2 057 455
Consolidated MIG Projects		-	-	-	-	-	-	-	-	-	-	-	-
Consolidated FMG Projects		721 863	-	-	1 250 000	-	247 719	-	-	34 681	1 689 464	1 689 464	-
Consolidated MSIG Projects		128 417	-	-	1 000 000	-	1 429 446	-	-	-	(301 029)	-	301 029

APPENDIX C
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

		2012 Financial Year												
Description	Provider	Balance	Restatement		Receipts		Expenditure		Repaid to National Revenue Fund	Vat Income	Closing Balance 30-Jun-12	Unspent	Unpaid	
		30-Jun-11			Cash	Debtor	Operating	Capital						
Municipal Systems Improvement Grant (MSIG)	National Government Grants	10 147	-	10 147	790 000	-	247 719	-	189 000	34 681	328 747	328 747	-	
Dpt Land Affairs: District Assessment Committee	Provincial Government Grants	49 893	-	49 893	-	-	550	-	-	-	49 343	49 343	-	
Donation Funds National Water	Provincial Government Grants	41 700	-	41 700	-	-	-	-	-	-	41 700	41 700	-	
Socio Economic Survey Sanitation Practices	Provincial Government Grants	(161 950)	161 950	-	-	-	-	-	-	-	-	-	-	
Housing Consumer Education Fund	Provincial Government Grants	32 167	-	32 167	-	-	-	-	-	-	32 167	32 167	-	
Local Government Bulk Infrastructure	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	
Integrated Human Settlement Grant	Provincial Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	
Local Government Financial Management Grant (FMG)	National Government Grants	(245 738)	-	(245 738)	1 250 000	-	671 730	-	-	2 358	330 174	330 174	-	
LGESTA:Re-imbursements	Other Grant Providers	272 953	-	272 953	415 197	-	-	-	-	-	688 150	688 150	-	
MSIG	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	
LGSETA: LED Learnership	Other Grant Providers	30 654	-	30 654	-	-	19 695	-	1 795	-	9 164	9 164	-	
GLOBAL FUND	Provincial Government Grants	(26 179)	84 000	57 821	-	-	57 821	-	-	-	(0)	-	0	
Human Rights Programme	Provincial Government Grants	53 797	-	53 797	-	-	-	-	-	-	53 797	53 797	-	
Sports Grounds: Haarlem	Provincial Government Grants	18 178	-	18 178	-	-	-	-	-	-	18 178	18 178	-	
Libraries Grant - Facilities	Provincial Government Grants	85 817	-	85 817	-	-	8 311	-	-	-	77 506	77 506	-	
Non-Motorised Transport	Provincial Government Grants	94 915	-	94 915	-	-	67 375	-	9 433	-	18 107	18 107	-	
Bucket system Elimination Schools/Clinic	Provincial Government Grants	146 332	-	146 332	-	-	12 936	-	602	-	132 794	132 794	-	
WC079: Regional Landfill Site	Provincial Government Grants	75 014	-	75 014	-	-	50 131	-	7 018	-	17 865	17 865	-	
LG: Bulk Water and Waste Water infrastructure.	Provincial Government Grants	62 850	-	62 850	-	-	-	-	-	-	62 850	62 850	-	
Expanded Public Works Incentives	National Government Grants	69 000	-	69 000	-	-	3 251	-	455	-	65 294	65 294	-	
Umsobomvu Youth Fund	Provincial Government Grants	41 003	-	41 003	-	-	41 003	-	-	-	-	-	-	
Financial Assistance Aerial Fire fighting	Provincial Government Grants	276 750	-	276 750	-	-	243 220	-	33 531	(0)	-	-	0	
Task Contributions - Municipalities	Other Grant Providers	155 635	-	155 635	219 071	-	266 683	-	7 193	-	100 830	100 830	-	
Emergency Housing DMA	Provincial Government Grants	-	282 478	282 478	-	-	-	-	-	-	282 478	282 478	-	
Emergency Housing Zoar	Provincial Government Grants	-	174 048	174 048	-	-	-	-	-	-	174 048	174 048	-	
ROADS - DEPARTMENT OF TRANSPORT	Provincial Government Grants	-	-	-	120 761 442	-	120 761 442	-	-	-	-	-	-	
CONSOLIDATED MIG PROJECTS - OPERATIONAL		-	-	-	-	-	-	-	-	-	-	-	-	
TOTALS		1 082 939	702 477	1 785 416	123 435 710	-	122 451 868	-	189 000	97 065	2 483 194	2 483 194	0	
WFW: Brandwacht 2010/11	Provincial Government Grants	-	-	-	401 305	-	376 862	-	-	24 443	(0)	-	0	
WFW: Great - Brak 2010/11	Provincial Government Grants	-	-	-	527 300	-	506 679	-	-	20 621	(0)	-	0	
WFW: Uniondale 2010/11	Provincial Government Grants	-	-	-	47 130	-	46 173	-	-	957	0	0	-	
WFW: Karatara 2010/11	Provincial Government Grants	-	-	-	1 379 919	-	1 373 386	-	-	6 533	0	0	-	
WFW: Knysna 2010/11	Provincial Government Grants	-	-	-	543 355	-	537 909	-	-	5 446	0	0	-	
WFW: Moordkuyt 2010/11	Provincial Government Grants	-	-	-	427 714	-	410 429	-	-	17 285	-	-	-	
WFW - (Unspent & PM fees)	Provincial Government Grants	(324 722)	-	(324 722)	324 722	-	-	-	-	-	-	-	-	
WORK FOR WATER TOTALS		(324 722)	-	(324 722)	3 651 445	-	3 251 438	-	75 285	(0)	-	-	0	
TOTALS		758 217	702 477	1 460 694	127 087 156	-	125 703 306	-	189 000	172 350	2 483 194	2 483 194	0	
CAPITAL PROJECTS		-	-	-	-	-	-	-	-	-	-	-	-	
OTHER GRANTS		-	-	-	-	-	-	-	-	-	-	-	-	
Financial Management Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	
Municipal System Improvement Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	
TOTALS		-	-	-	-	-	-	-	-	-	-	-	-	
Development of Sport & Recreation	Provincial Government Grants	(46 931)	46 930	(1)	-	-	-	-	-	-	(1)	-	1	
DME GRANTS		-	-	-	-	-	-	-	-	-	-	-	-	
Electricity Demand Side Grant	National Government Grants	-	-	-	-	-	-	-	-	-	-	-	-	
Electricity Demand Side Management	National Government Grants	7 490 210	-	7 490 210	-	-	478 838	-	1 572 000	39 387	5 399 984	5 399 984	-	
TOTALS		7 490 210	-	7 490 210	-	-	478 838	-	1 572 000	39 387	5 399 984	5 399 984	-	
TOTAL CAPITAL BALANCES		7 443 279	46 930	7 490 209	-	-	478 838	-	1 572 000	39 387	5 399 984	5 399 984	1	
UNSPENT BALANCES END OF REPORTING PERIOD		8 201 496	749 407	8 950 903	127 087 156	-	126 182 144	-	1 761 000	211 737	7 883 177	7 883 179	1	
Consolidated MIG Projects		-	-	-	-	-	-	-	-	-	-	-	-	
Consolidated FMG Projects		(245 738)	-	-	1 250 000	-	247 719	-	34 681	-	721 863	721 863	-	
Consolidated MSIG Projects		10 147	-	-	790 000	-	671 730	-	-	-	128 417	128 417	-	